



Introduction to the
Central Asia Regional
Economic Cooperation Program

Development Effectiveness Review

Building the Baseline 2009





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Central Asia Regional
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Abbreviations

ADB	–	Asian Development Bank
BCP	–	border crossing point
CAP	–	Comprehensive Action Plan
CAREC	–	Central Asia Regional Economic Cooperation
CCC	–	Customs Cooperation Committee
CFCFA	–	CAREC Federation of Carrier and Forwarder Associations
CIPAR	–	CAREC Institute Performance Assessment Review
CMERF	–	CAREC Members Electricity Regulators' Forum
CPMM	–	Corridor Performance Measurement and Monitoring
DefR	–	development effectiveness review
ESCC	–	Energy Sector Coordinating Committee
GDI	–	gender-related development index
GDP	–	gross domestic product
HDI	–	human development index
IMAR	–	Inner Mongolia Autonomous Region
IMF	–	International Monetary Fund
MDG	–	Millennium Development Goal
PPP	–	purchasing power parity
PRC	–	People's Republic of China
SOM	–	Senior Officials' Meeting
TLI	–	trade liberalization index
TPCC	–	Trade Policy Coordinating Committee
TPSAP	–	Trade Policy Strategic Action Plan
TTF	–	Transport and Trade Facilitation
UNDP	–	United Nations Development Programme
WTO	–	World Trade Organization
XUAR	–	Xinjiang Uygur Autonomous Region

WEIGHTS AND MEASURES

GWh	–	gigawatt-hour
km	–	kilometer
MW	–	megawatt

NOTE

In this report, "\$" refers to US dollars.

Executive Summary

The primary objective of the Central Asia Regional Economic Cooperation (CAREC) Program is development through cooperation, leading to accelerated economic growth and poverty reduction. CAREC seeks to ensure a practical, project-based and results-oriented approach across its many and diverse initiatives. The *Introduction to the CAREC Program Development Effectiveness Review: Building the Baseline 2009 (2009 CAREC DEfR)* is an initial attempt to assess in broad terms progress made over a 12-month period and in all components of the program toward the goals and objectives of CAREC's *Comprehensive Action Plan (CAP)*. The *2009 CAREC DEfR* also sets a baseline for onward annual monitoring of the CAP.

Cumulative investments in the program during 2001–2009 totaled over \$11 billion, with \$3.9 billion of these investments made in 2009. In order to ensure that CAREC continues to generate investment and achieve its goals of economic development, it is essential to understand fully (i) how the various components of CAREC fit together, (ii) where the program's strengths and weaknesses lie, and (iii) how its strategic frameworks can be strengthened to ensure achievement of the objectives of the CAP.

The development effectiveness review (DEfR) process bases its assessment on data collected annually through the performance indicators of the CAREC results framework, endorsed at the 8th CAREC Ministerial Conference in 2009. The first completed overall results framework presented in the *2009 CAREC DEfR* provides a consolidated snapshot on progress made by CAREC as a whole. Tracking progress through these indicators enables CAREC over time to identify trends: and analysis of these performance trends, in turn, helps determine specific actions to address current or emerging issues. In this way, the DEfR seeks to alert CAREC partners to issues before they become

crises: the DEfR process will ultimately serve not only as a monitoring mechanism but also as an early-warning system.

Building a robust foundation for the DEfR and mainstreaming the results framework and DEfR into CAREC processes is a vital part of effective results orientation—yet this process also takes time and requires focused planning and long-term commitment of relevant CAREC bodies. Accordingly, the *2009 CAREC DEfR* is presented as an “Introduction” in the form of a manual that introduces the first completed results framework and illustrates what type of information and analysis can be derived from the selected indicators. The *2009 CAREC DEfR* also provides baseline values for several indicators against which future progress will be measured.

The overall results framework tracks progress on three main levels: macro-level development outcomes across the CAREC region (comprising the CAREC country partners), specific outputs of CAREC priority sector initiatives, and the effectiveness of CAREC's operations and organizational frameworks. In 2009, indicators were selected through a collaborative process for all levels of the results framework: 13 indicators at Level 1, 9 at Level 2, and 6 at Level 3. Two indicators remain to be identified at Level 3. These indicators are not fixed in stone, however, and will be re-assessed and adjusted as necessary to accurately capture CAREC Program inputs, outputs, and—eventually—the outcomes to which they seek to contribute.

Initial data for 2009 show that almost 800 kilometers (km) of roads were built or improved, comprising 10% of the total CAREC road corridor—yet delays and blockages at border crossing points meant that it still took an average of 21 hours to clear customs at an average cost of almost \$400 per border

crossing. At the same time, the CAREC countries continued to simplify, liberalize, and open their trade regimes, working toward World Trade Organization accession. Under the energy sector, 580 km of transmission lines were built or upgraded during 2009, contributing to regional energy trade and significantly improving productive capacity and the standard of living for several parts of the CAREC region.

The process of compiling this review has highlighted challenges and constraints in the monitoring mechanisms of specific CAREC sectors and entities, as well as issues of data availability, data collection systems, and validation by the necessary institutional bodies such as sector coordinating committees. Actions are proposed throughout the review, identifying issues that should be addressed in order to strengthen CAREC's monitoring and DEfR processes across the program. The review further suggests that the Senior Officials' Meeting serve as the institutional body to prioritize and facilitate implementation of DEfR actions, following a practical and regular annual schedule. The Senior Officials will report on actions initiated and completed to the Ministerial Conference and seek their endorsement. Key consolidated actions proposed in the *2009 CAREC DEfR* seek to

- confirm that sector coordinating committees' data collection and validation systems remain practical and viable according to the proposed change in timing of DEfR delivery to the Spring Senior Officials' Meeting;
- ensure targets for each indicator are set by the relevant body—the sector coordinating committees for Level 2, and the CAREC Secretariat for Levels 1 and 3—as practical and appropriate;
- begin to identify intermediate macro-level outcome indicators at Level 1 in support of CAREC 2020 development;
- further develop monitoring and data systems for priority sectors in collaboration with the CAREC Secretariat

to ensure alignment with CAREC 2020, the CAREC 2020 5-year rolling pipeline, as well as the supporting overall results framework;

- further develop the current CAREC project portfolio database to ensure that the most updated and comprehensive project data is available for investment projects and technical assistance projects, planned, approved, ongoing, and completed;
- begin to build practical indicators at Level 3 to measure CAREC's financing gap, and knowledge production and dissemination; and
- develop an overall external relations plan that systematically plans and monitors all activities related to research, publications and outreach (including the CAREC website), and external perceptions of the CAREC Program.

As CAREC begins to define the strategic priorities and process that will guide it through the next 10 years of regional cooperation, it is important that it maintains a clear focus on effective implementation and delivering results. Development of the CAREC 2020 strategic framework and an overall 5-year rolling pipeline of prioritized projects will be fully supported by necessary adjustment and realignment of the overall results framework.

The task of drawing together all of the CAREC Program components and ultimately self-evaluating CAREC is challenging. Its achievements are numerous and varied—it is not possible to capture every measure of progress in such a wide-ranging program. Much work remains to be done to consolidate and enhance the results orientation of CAREC that will require commitment and support of all CAREC partners. However, the *2009 CAREC DEfR* has made important steps in initiating a very clear, strong, and practical monitoring mechanism that will move forward with the program and help deliver results and assess effectiveness during the second decade of CAREC implementation.

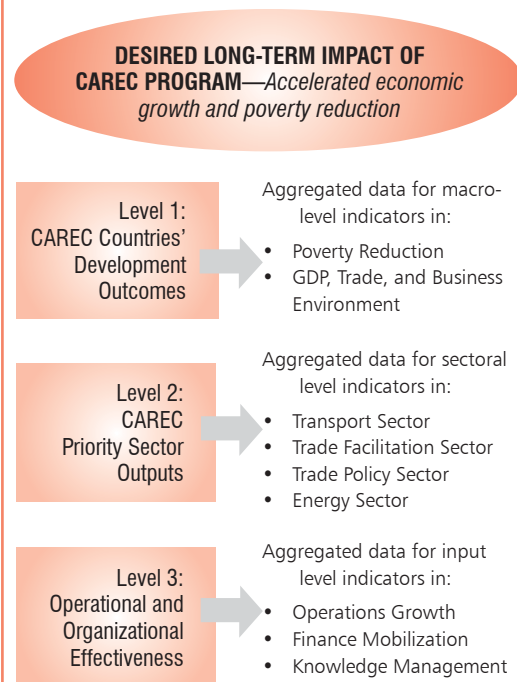
Introduction

The Central Asia Regional Economic Cooperation (CAREC) Program is a practical, project-based and results-oriented initiative implemented by the eight partner countries and six supporting multilateral institutions.¹ The *Introduction to the CAREC Program Development Effectiveness Review: Building the Baseline 2009 (2009 CAREC DEfR)* presents the results framework that was launched in 2009 and now sets the baseline for onward monitoring of the CAREC Program (Figure 1). Accompanied by an initial development effectiveness review (DEfR), assessing in broad terms the progress made during 2009 toward the goals and objectives of CAREC's Comprehensive Action Plan (CAP),² the 2009 CAREC DEfR is the first attempt to build an overall picture both of achievement in CAREC, as well as the issues and challenges.

CAREC has grown from a 6-project, \$247 million program in 2001, to 89 projects across three sectors, implementing investment loans and grants worth a total of \$11.8 billion in 2009. It is a multifaceted and diverse program, whose only unifying framework to date has been the CAP. Yet the CAP has no practical results framework that is able to monitor and track the progress of CAREC. There has been no single strategic document to bring together the main components of CAREC under one monitoring instrument and gauge how the overall program is performing.

Since 2006, CAREC has been guided by the CAP, together with three primary sectoral strategies and implementation action plans.

Figure 1 Central Asia Regional Economic Cooperation Results Framework



GDP = gross domestic product.

Source: CAREC Secretariat.

Yet, despite a stated priority of ensuring a results-based orientation, the latter were developed over the course of several years, mostly independent of each other, and with limited emphasis on cross-cutting approaches. In short, a disjointed picture of CAREC

¹ The eight country partners comprise: Afghanistan, Azerbaijan, the People's Republic of China (which participates in CAREC at the subnational level through the Xinjiang Uygur Autonomous Region and Inner Mongolia Autonomous Region), Kazakhstan, the Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan; the six multilateral institutions are the Asian Development Bank, European Bank for Reconstruction and Development, International Monetary Fund, Islamic Development Bank, United Nations Development Programme, and the World Bank.

² CAREC Secretariat. 2006. *Comprehensive Action Plan*. Manila.

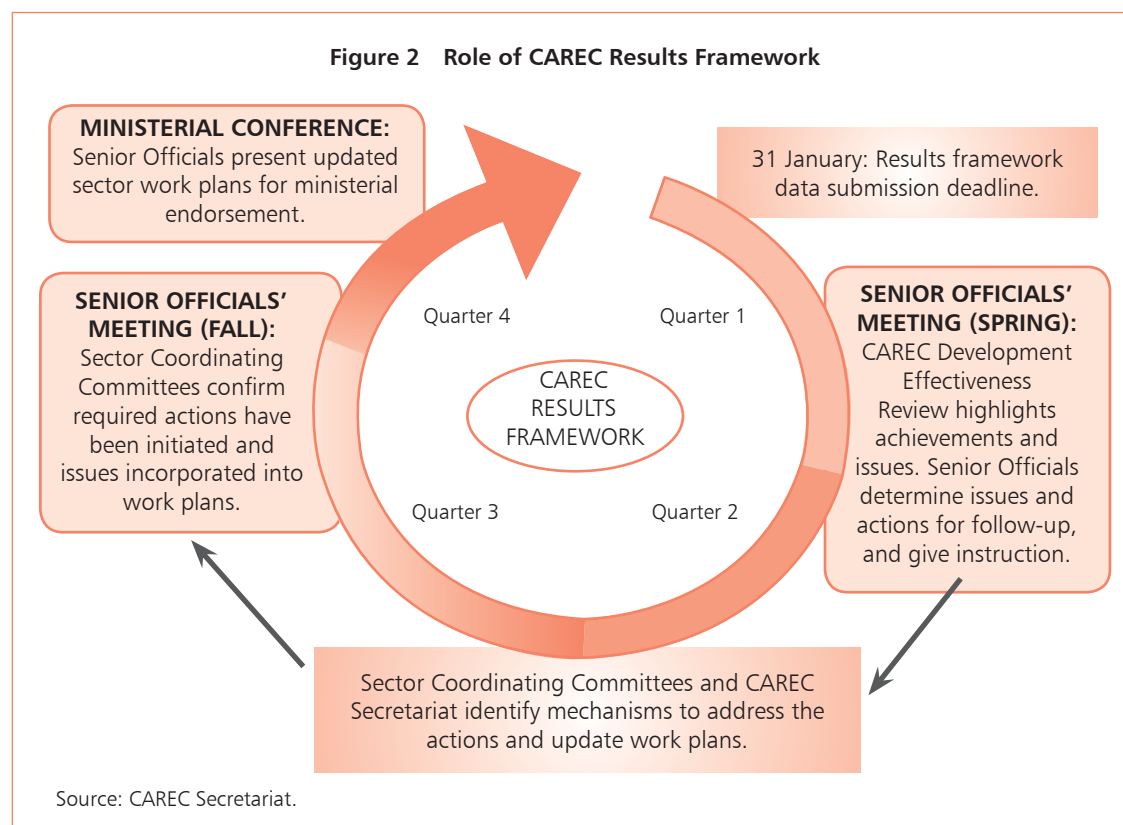
achievement has emerged. Technical sectors continue to design and develop monitoring mechanisms to track progress of their individual sector strategies, yet before 2009 these did not feed directly into an agreed-upon overall monitoring framework.

In order to understand how a program of this size and scope works—where its strengths and weaknesses, achievements and challenges lie—a practical functioning results framework is a vital component that has to date been missing.

In 2009, the CAREC Ministerial Conference endorsed the structure and methodology of the overall results framework presented here.³ The CAREC Secretariat was requested to further develop and implement this performance monitoring mechanism. As such, the results framework aims to present to CAREC stakeholders the benefits of practical

project-based regional economic cooperation. Monitoring select indicators will help CAREC identify trends and issues over time, thus allowing CAREC partners to determine with greater clarity both its overall progress and the areas where it could perform better. This will, in turn, contribute to a more robust strategic foundation and improve the effectiveness of the CAREC Program.

The results framework feeds directly into the DEF, an action-oriented document that seeks to flesh out the raw data of the results framework, analyze identified trends, and—most importantly—propose specific actions to address current or emerging issues. Actions can relate equally to issues arising in operational activities, such as delays in implementation or financing gaps, or in strategic and institutional matters such as a misalignment of CAREC priorities with those of the CAREC country



³ CAREC Secretariat. 2009. *Central Asia Regional Economic Cooperation Program Results Framework*. Manila.

governments. The DEF_R's analysis of trends seeks to alert CAREC partners to issues before they become crises: in short, the DEF_R will eventually serve not only as a monitoring system, but as an early-warning system.

In order for the results framework and DEF_R to function to full effect, the CAREC Secretariat proposes bringing forward the annual data collection process so that the DEF_R is presented to the Spring Senior Officials' Meeting (SOM). The rationale for this is evident in Figure 2: with submission of raw data for the results framework by 31 January of the following year, the CAREC Secretariat presents the completed DEF_R to the Spring SOM, highlighting achievements and issues and proposing appropriate actions. The SOM then decides which issues and actions warrant follow-up and which CAREC body is responsible for these actions.

In response, the sector coordinating committees and the CAREC Secretariat identify and initiate the necessary strategic measures to address highlighted issues. These measures are reflected in updated work plans presented to the Fall SOM. The SOM considers the response and, in turn, reports to the Ministerial Conference. The CAREC results framework monitors the program continuously throughout this annual cycle.

As CAREC enters its second decade of implementation, the CAP will be supplemented by the CAREC 2020 strategic framework currently under development. CAREC 2020 envisages a greater alignment of national development priorities and agendas with the goals and objectives of the CAREC Program than previously. The priority sectors will prepare 5-year rolling pipelines of prioritized projects in support of CAREC 2020 and it is imperative that a robust monitoring system is in place to track implementation progress and bottlenecks.

In order for the results framework to function effectively in this task, it will be necessary

to revisit the original framework of 2009 to (i) revalidate, adjust, or change indicators at each level; (ii) re-set baselines and targets; and (iii) identify intermediate outcome level indicators that begin to track more direct linkages of how CAREC outputs contribute to national and regional development outcome goals.

The results framework operates at three levels: (i) CAREC countries' development outcomes (Level 1), (ii) CAREC priority sector outputs (Level 2), and (iii) operational and organizational effectiveness of CAREC partners (Level 3). During 2009, the priority sector coordinating committees identified indicators and their definitions for Level 2, and the CAREC CAREC Secretariat for Levels 1 and 3.⁴

This introduction to the CAREC DEF_R process has successfully set a baseline for each indicator in the results framework, against which the annual DEF_R will track progress of the overall program. The next step is to set targets for each indicator: without specified targets, the significance of the baseline is greatly reduced. **Targets should be determined at Levels 2 and 3 for the next review period, by the sector coordinating committees and the CAREC Secretariat, respectively.** Baselines will be adjusted to reflect updated data, as appropriate.

Data sources and availability are an important consideration for the CAREC DEF_R process. Ensuring data availability and comparability is an essential step in building an accurate picture of results. With eight country partners—one of which participates in CAREC at a subnational level—this is another challenge. In particular, at Level 1, comparable data has mostly not been available for the Xinjiang Uygur Autonomous Region (XUAR) and the Inner Mongolia Autonomous Region (IMAR), and often not for Afghanistan. As the latest data becomes available, the CAREC Secretariat will update the results framework.

⁴ Indicators were approved during the Senior Officials' Meeting in April 2010.

Actions

The 2009 CAREC DEfR seeks to be an action-oriented living document: it aims to serve both as a monitoring tool for the effectiveness of the CAREC Program and as a platform from which to initiate specific priority actions going forward.

Inevitably, the first year of the DEfR process has identified issues on each level of the results framework, including operational, organizational, and those relating to the process itself. This review proposes several actions for endorsement by the CAREC stakeholders to address identified issues and thereby improve the overall implementation of the program.

In recognition of the importance of the DEfR proposed actions, this section will be placed immediately after the Introduction in the DEfR document. In the main body of the text, proposed actions will be shown in **bold type-face**, and a short section at the end of each level of the results framework will summarize the actions proposed in that section of the DEfR.

► Proposed Actions at Level 1: CAREC Region Development Outcomes

The CAREC Secretariat should, with the support of relevant CAREC partners,

- adjust selected indicators under the gross domestic product (GDP), trade, and business environment category to (i) expand data on exports, imports, trade as percentage of GDP, trade openness; and (ii) include standard measures for employment such as the rate of unemployment or labor force participation rates;
- identify data sources for comparable sub-national data for IMAR and XUAR, PRC;

- begin to identify intermediate outcome indicators for Level 1 in support of CAREC 2020 development.

► Proposed Actions at Level 2: CAREC Priority Sector Outputs

The Transport and Trade Facilitation Coordinating Committee should, with the support of relevant CAREC partners,

- further develop its monitoring and data systems for the CAREC Program in conjunction with the CAREC Secretariat to ensure alignment with CAREC 2020, the CAREC 2020 5-year rolling pipeline, as well as the supporting overall results framework;
- identify targets for planned outputs, in alignment with its rolling pipeline;
- establish a baseline figure for the indicator “costs incurred to travel corridor section (\$).”

The Trade Policy Coordinating Committee should, with the support of relevant CAREC partners,

- investigate options—including budget and process—to support active participation by relevant partners in the Trade Policy Strategic Action Plan monitoring questionnaire and timely submission of their response.

The Energy Sector Coordinating Committee should, with the support of relevant CAREC partners,

- develop its monitoring and data systems for the CAREC Program in collaboration with the CAREC Secretariat to ensure alignment with CAREC 2020, the CAREC 2020 5-year rolling pipeline, as well as the supporting overall results framework; and

- reassess the practical relevance of the indicator “increased energy generation capacity (MW)” and identify realistic data collection systems, if this indicator remains.

▶ **Proposed Actions at Level 3: Operational and Organizational Effectiveness**

The CAREC Secretariat should, with the support of relevant CAREC partners,

- further develop the current CAREC project portfolio database to ensure that the most updated and comprehensive project data is available for investment projects and technical assistance projects, planned, approved, ongoing, and completed;
- ensure that—as CAREC 2020 and the rolling pipeline are developed—a comparable and practical indicator to measure CAREC’s financing gap is developed for future inclusion in the overall CAREC results framework;
- develop an overall external relations plan that systematically plans and monitors all activities related to research, publications and outreach (including the CAREC website), and external perceptions of the CAREC Program;

- work with the CAREC Institute Performance Assessment Review’s findings and onward development, to build an appropriate knowledge production and dissemination indicator; and
- consider strengthening the coordinating capacity of the CAREC Institute to produce a more detailed and systematic strategic approach to training and capacity building across all components of the program, using more effectively expertise available through the CAREC country partners and priority sector coordinating committees, as well as regional facilities.

▶ **Proposed Cross-Cutting Action**

- According to the proposed change in timing of DEF delivery to the Spring SOM, sector coordinating committees should confirm that their data collection systems, validation, and submission to the CAREC Secretariat remains practical and viable.
- Targets should be set for each indicator by the responsible body—the sector coordinating committees for Level 2, and the CAREC Secretariat for Levels 1 and 3—as practical and appropriate.

Actions

Level 1: CAREC Region Development Outcomes

Macro-level development outcomes impact the ability of the CAREC countries to achieve economic growth and further the goals of poverty reduction, both at national and regional levels. Accordingly, the results framework seeks to track indicators at this level that reflect desired medium-term priority objectives of the program. Indicators are presented under two groupings: poverty reduction and human development; and economic progress: gross domestic product (GDP), trade, and business environment.

The CAREC Secretariat is responsible for data collection and analysis at Level 1, using data from established international database systems. The CAREC Secretariat will reassess and adjust or change indicators at Level 1, in line with the development of CAREC 2020 over the next 12-month period. **One primary objective will be to identify intermediate**

outcome indicators to effectively monitor implementation of CAREC 2020, and ultimately make linkages as appropriate between CAREC priority sector outputs and macro-level development outcomes.

► Poverty Reduction and Human Development

Indicators for Poverty Reduction and Human Development (Table 1)

Poverty reduction and human development are tracked through three sets of data: first, a variant of the main Millennium Development Goal (MDG) measure of extreme poverty—“proportion of people living on less than \$1.25 a day”—adjusted to more appropriately represent current poverty levels in the CAREC region.⁵

Table 1 Level 1—Poverty and Human Development

Indicator	Baseline Year	Baseline Value	2009/ Latest Value	Indicative Target
Population living below \$2 a day (%)	2002	52.3	42.4 ^a	↓
Human Development Index	2006	0.731 ^b	0.683 ^c	↑
Gender-Related Development Index	2006	0.724	0.731 ^{c, d}	↑

^a 2005 data.

^b Excludes data for Afghanistan.

^c Includes 2007 data.

^d No data for Afghanistan, Azerbaijan, or the Kyrgyz Republic.

Notes: Comparable subnational data for Xinjiang Uygur Autonomous Region and Inner Mongolia Autonomous Region are available only for the Human Development Index indicator and are reflected accordingly.

Sources: World Bank. PovcalNet Online Database for indicator 1; United Nations Development Programme. 2010. Human Development Report. New York, for indicators 2 and 3.

⁵ In line with the United Nations' Millennium Development Goals system of classification, a country is considered an “early achiever” if its latest available data for the indicator under consideration is already within the target. Other countries are classified as “on track,” “slow progress,” or “regressing/no progress.” By 2009, five CAREC countries (Azerbaijan, Kazakhstan, the Kyrgyz Republic, Mongolia, and Tajikistan) were classified as early achievers. The PRC was also an early achiever, though at national level, rather than subnational. Only Uzbekistan was reported as not yet making significant progress in this indicator. Accordingly, the CAREC results framework chose to use the next level of measurement for which data is routinely captured: population living below \$2 a day. Appendix 3 presents a comprehensive picture of progress made by the CAREC region toward achievement of the MDGs and projected estimates of which targets will be met by 2015.

Secondly, the United Nations' Development Programme's (UNDP) composite human development index (HDI), which measures progress on a broader definition of human development encompassing three dimensions—a long and healthy life (life expectancy at birth); knowledge (adult literacy rate, and gross enrolment ratio); and a decent standard of living (GDP per capita). The third indicator is UNDP's gender-related development index (GDI), a composite measure of gender development—the HDI adjusted for gender inequality. It measures achievement in the same basic capabilities as the HDI, but taking note of inequality in achievement between women and men. The methodology used imposes a penalty for inequality, such that the GDI falls when the achievement levels of both women and men in a country go down or when the disparity between their achievements increases: the GDI is the HDI discounted, or adjusted downward, for gender inequality.

What Do the Indicators Tell Us?

The CAREC results framework indicator that most closely tracks poverty reduction—"population living below \$2 a day"—shows significant progress over the first half of the 2000s, falling 10 percentage points. This equates to approximately 5.3 million **less** people in the CAREC region living below national and international poverty lines. The level of poverty in individual countries on the \$2 per day definition varies extremely widely: from 0.3% of the population, to 69.7%, both in 2005. The most encouraging progress was seen in Azerbaijan with a decrease of 19 percentage points during the period 2002–2005, closely followed by Tajikistan with a decrease of 17 percentage points over the same period.

However, national-level poverty statistics that contribute to MDG measuring are typically available only with a time lag (dependent upon the relevant country's monitoring and statistical capacity). The latest internationally comparable poverty figures available for the CAREC region are from 2005. This means that the global financial crisis that took hold in the second half of 2008 is not yet reflected in poverty and human development statistics—indicators in Tables 1 and 2 do not reflect the impact of

the crisis. The impact that will be felt over the coming years is expected to slow achievement of both the international MDG measure of extreme poverty and the upward-adjusted CAREC region poverty reduction indicator. Once again, the impact is likely to vary from country to country, depending on the extent to which individual countries were affected by the crisis.

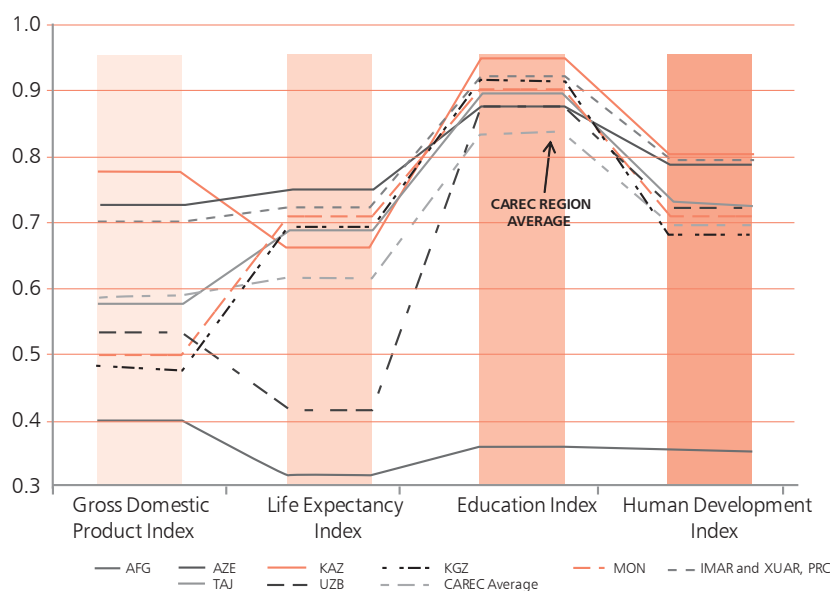
UNDP's HDI provides a single statistic as a frame of reference for both social and economic development. It sets a minimum and a maximum for each dimension, called goalposts, and then shows where each country stands in relation to these goalposts, expressed as a value between 0 and 1. A score of higher than 0.8 places a country in the "high development" category, while below 0.5 places it in the "low development" category. In 2009, Norway came out top among all nations with a score of 0.971.

The HDI is currently the only source where it is possible to compare data on human development for all eight CAREC countries, including Afghanistan, and subnational regions, including IMAR and XUAR. As clearly seen in Figure 3, data for Afghanistan are notably lower than for the other CAREC partners. Including these data in the CAREC region average for the first time under the 2009 value results in a considerable adjustment from the previous HDI score. Table 1 shows the numeric drop from 0.731 to 0.683 in the CAREC region average HDI indicator between 2006 and 2008: if data for Afghanistan had remained unavailable for this indicator, the CAREC region average HDI would be 0.738.

Figure 3 indicates the relative strengths and weaknesses of each CAREC country in the three dimensions of human development. Despite significant variation in the GDP index, and two outliers in the life expectancy dimension, the final scores are closely grouped, and all countries—with the exception of Afghanistan—are virtually within 0.1 point of each other. Given the legacy of universal schooling from the Soviet era, the scores for education are unsurprisingly high.

The average CAREC region GDI improved by less than 1% from 2006–2008, indicating a

Figure 3 CAREC Country Human Development Index Component Breakdown, 2007



AFG = Afghanistan, AZE = Azerbaijan, CAREC = Central Asia Regional Economic Cooperation, KAZ = Kazakhstan, KGZ = Kyrgyz Republic, PRC = People's Republic of China, TAJ = Tajikistan.

Note: The latest available data are for 2007, except for Inner Mongolia Autonomous Region (IMAR), and Xinjiang Uygur Autonomous Region (XUAR), People's Republic of China, which reflects 2008 data.

Source: United Nations Development Programme. 2009. *Human Development Report 2009*, and *China: National Human Development Report 2010*.

lack of tangible progress in improving gender equality for the CAREC region's population. Data shows strong performance from Mongolia in improving equality in achievement between women and men.

► Gross Domestic Product, Trade, and Business Environment

Indicators for GDP, Trade, and Business Environment (Table 2)

Sustaining strong economic growth over time is a key policy objective of all CAREC member countries. Strong growth is needed not only to reduce the level of poverty and unemployment in member countries. It is also needed to make fiscal resources available to improve overall human development outcomes. Growth, in turn, is dependent on the level and quality of human capital and physical infrastructure.

Growth and prospects for regional cooperation are linked directly to trade openness and to the level and sophistication of export products in member countries. The quality of the business environment affects growth by creating a level playing field for the private sector to expand products and services and create new employment opportunities.

It is, therefore, critical to continuously monitor progress on macroeconomic indicators linked to growth, employment, trade, and the business environment, to track the attainment of key strategic objectives of member countries. Table 2 provides an indicative list of possible macro indicators in CAREC countries, progress on which can be tracked through international databases.

What Do the Indicators Tell Us?

GDP per capita in the CAREC region, on a purchasing power parity basis, expanded by

Table 2 Level 1—Gross Domestic Product, Trade and Business Environment

Indicator	Baseline Year	Baseline Value	2009/Latest Value	Indicative Target
GDP per capita PPP (constant 2005 international \$)	2006	3,301	3,796 ^a	↑
GDP PPP (constant 2005 international \$ billion)	2006	53.9	63.2 ^a	↑
Employment to population ratio (%)	2006	57	58 ^a	↑
Women employed in nonagricultural sector (%)	2006	47	51 ^b	↑
Real growth in trade of goods and services (%)	2006	12.1	(2.8) ^c	↑
Intraregional energy trade (GWh)]	2005	6,321	3,714 ^a	↑
GDP per unit of energy use (2005 PPP \$ per kilogram of oil equivalent)	2006	2.6	3.0 ^b	↑
Foreign direct investment, net inflows (% GDP)	2006	4.3	6.3 ^a	↑
Time required to start a business (days)	2006	31	14	↓
Cost of business start-up procedures (% GNI per capita)	2006	27	12	↓

() = negative, GDP = gross domestic product, GNI = gross domestic income, GWh = gigawatt-hour, PPP = purchasing power parity.

^a 2008 data.

^b Includes 2007 data.

^c 2009 data.

Note: Comparable subnational data for Xinjiang Uygur Autonomous Region and Inner Mongolia Autonomous Region are not available for indicators in Table 2.

Sources: World Bank. World Development Indicators Online Database for indicators 1–4 and 7 and 8; World Bank. World Trade Indicators Online Database for indicator 5; Central Dispatch Center, Tashkent, Uzbekistan, 2008, for indicator 6; and IFC/World Bank Doing Business Online Database, for indicators 9 and 10.

an average of 15% between 2006 and 2008. A 34% growth in Azerbaijan's GDP per capita explains much of this increase. By contrast, Kazakhstan's per capita GDP grew the slowest (9%) in this period, although it has the highest nominal annual GDP per capita among all CAREC countries. Even with this impressive growth, the average GDP per capita in the CAREC region remains at less than 15% of that in European Union countries and at just under 40% of Europe and Central Asia regional averages.

Employment trends indicate that on average, slightly more people of working age are actively employed in the CAREC region (58%) than in other regional groupings: 57% in South Asia, 50% in the European Union, and only 53% for Europe and Central Asia region.⁶

Comparative employment trends vary less in the case of women employed in the non-

agricultural sector: across the European Union and Central Asian regions—including CAREC—the latest available data show a modest range of only 5 percentage points (from 46% in Europe to 51% in the CAREC region). The situation is different, however, in South Asia, where only 18% of women were employed in the non-agricultural sector. Gender-disaggregated data also show that in every developing region except the Commonwealth of Independent States men outnumber women in paid employment—though this does not guarantee that they are paid as much as men for the same work, and that they have the same level of job security as men.

Since 1990, the Central Asian countries have largely pursued a policy of energy self-sufficiency, with regional electric trade collapsing from 25 gigawatt-hours (GWh) in 1990 to 4 GWh in 2008. This has resulted in

⁶ Regional groupings are defined in Appendix 3.

occasional summer spillage in Tajikistan due to water storage limitations, and winter energy deficits in Tajikistan and the Kyrgyz Republic. Low precipitation has exacerbated winter energy deficits in recent years, especially 2007 and 2008. Optimum exchange of hydropower and fossil fuel power is complicated by the conflicting needs of hydropower that is required mainly in the winter, and water release for irrigation that is required in summer. Consequently, some countries generate electricity using fossil fuels rather than importing from neighboring countries with surplus electricity generated from renewable resources.

The ratio of GDP per unit of energy use is a broad measure of energy efficiency—the higher the GDP per unit of energy use, the higher the country and/or region's efficiency in use of energy. The CAREC region GDP per unit of energy use climbed from \$2.60 to \$3.00 during the period 2006–2009, indicating modest improvement in energy efficiency. However, this compares to the Euro zone GDP per unit of energy use at \$8.20, Europe and Central Asia at \$3.50, and South Asia at \$5.10, in 2007.

Foreign direct investment (FDI) rose in CAREC region 4.3% to 6.3% over 2 years, 2006–2008. FDI in the European Union in 2009 was 3.2% and Europe and Central Asia at 3.3%. South Asia was 2.4% in 2009. The higher rate of

increase in FDI in CAREC countries is a welcome development in as much as it implies an increasing degree of openness and greater linkages with the world economy, as well as a greater role and opportunity for the private sector in economic activity.

An indication of the improving business environment in the CAREC region is the reduced time and cost to start a new business. According to the latest Doing Business Survey, this dropped more than 50% from the 2006 baseline to 2009. In comparison, South Asia saw an improvement of 27% in the time to start a business, whereas the Eastern Europe and Central Asia region was 8%.

► Proposed Actions for Level 1

The CAREC Secretariat should, together with all relevant CAREC partners,

- adjust selected indicators under the GDP, trade, and business environment category to (i) expand data on exports, imports, trade as percentage of GDP, trade openness; and (ii) include standard measures for employment such as the rate of unemployment or labor force participation rates.
- identify data sources for comparable sub-national data for IMAR and XUAR, PRC.

Level 2: CAREC Priority Sector Outputs

Level 2 is the heart of the DEFIR process, tracking outputs delivered through CAREC-related projects and activities and examining whether they have been effective in implementing the objectives of their sector strategies and action plans. While outputs are monitored already at project and sector level by their implementers, without a solid understanding of the broader spectrum of CAREC outputs across all of the priority sectors, it is not possible to understand how CAREC outputs as a whole can contribute to development outcomes at the national and regional levels.⁷

Assessment of CAREC's potential contribution to Level 1 progress is not a short-term exercise. While it is currently possible to build a preliminary picture of how CAREC may play a role in macro-level progress—in other words, assess to what extent the program is effective in its goals, assessing the true impact of CAREC-related projects on economic growth in the member countries remains the longer-term objective of Level 2. Measuring impact in a meaningful way is possible only several years after project completion. Thus, the early years of CAREC's DEFIR process will focus on establishing robust and inclusive monitoring mechanisms that gradually build appropriate and credible linkages between CAREC's projects and the region's development outcomes.

The identified indicators at Level 2 seek to capture the latest practical measure of progress in each of the CAREC priority sectors: transport and trade facilitation, trade policy, and energy. They are quantifiable and attempt to reflect

wherever possible a majority of project activity, although this is not always possible. As the CAREC DEFIR process goes forward, indicators and baselines will be adjusted to reflect evolving strategic goals and approaches of these sectors.

► Transport and Trade Facilitation Sector

Strategic Approach

To strengthen effective cooperation and interaction between transport and trade facilitation components, the CAREC Transport Sector Coordinating Committee (TSCC) and the Customs Cooperation Committee (CCC) implement a joint Transport and Trade Facilitation Strategy (TTFS).⁸ The overarching goals of the TTFS are to (i) establish competitive corridors across the CAREC region; (ii) facilitate efficient movement of people and goods through CAREC corridors and across borders; and (iii) develop sustainable, safe, user-friendly transport and trade networks. The consolidated strategic approach of the TTFS maximizes the benefits accruing from investment and technical assistance projects and seeks to increase CAREC's competitiveness in intraregional and international trade.

The practical interdependence of transport and trade facilitation in terms of effectiveness and sustainability is clear. Under the TTFS, the primary focus of the transport component is the physical construction or improvement of (i) 8,352 km of regional roads, 6,051 kilometers of regional railways,

⁷ Outcomes at the macro-level are shaped by many factors, and any one project or program makes only a partial contribution—CAREC outputs alone cannot be credited with improvement in Level 1 outcome indicators. The necessary constraints of attribution dictate caution in creating direct linkages between specific project outputs and improvement or decline in macro-level outcomes.

⁸ Endorsed at the 6th CAREC Ministerial Conference in 2007. The Implementation Action Plan (Action Plan) for the TTFS was endorsed at the 7th CAREC Ministerial Conference in 2008.

and 29 pairs of cross-border points along CAREC corridors; (ii) 3 ports and shipping logistics facilities; and (iii) 7 airports with international air services. The effectiveness of these hard initiatives will be severely diminished without the achievement of the trade facilitation component goals, which are to (i) reduce transaction costs and time significantly by improving administrative efficiency and simplifying, standardizing, and harmonizing trade procedures; (ii) encourage the free movement of people and goods; and (iii) enhance the transparency of laws, regulations, procedures, and forms, and share information on these and other trade issues.⁹

Transport and Trade Facilitation Indicators (Table 3)

Identifying indicators to reflect progress and effectiveness of the transport and trade facilitation sector in the overall CAREC results framework was a collaborative process, involving the coordinating committees in a decision-making capacity, representatives from the technical sectors, and the CAREC Secretariat.

Selecting indicators from the ongoing TTFS for inclusion in the overall CAREC results

framework was not an option. When the TTFS was endorsed in 2007, it included a results framework—comprising both output and outcome-level indicators—that was more indicative than actively adhered to, and to date the TTFS results framework is not implemented as a monitoring tool. Given that several CAREC multilateral institutions, jointly with the CAREC country governments, implement transport projects along the CAREC corridors, there is clear need for a standardized monitoring system that provides comparable data.

A monitoring baseline was established in 2007, but early attempts to develop this into an active monitoring system were unsuccessful. In 2009, the TSCC initiated the development of a practical monitoring mechanism—using annual country progress reports, prepared by the CAREC partner countries in coordination with CAREC multilateral institutions and other development partners—to track progress in implementing the TTFS. **Monitoring and data systems for the TTFS should be further developed in collaboration with the CAREC Secretariat, and aligned with the next steps of the overall program strategy, CAREC 2020, the 5-year rolling pipeline, and the supporting overall results framework.**

Table 3 Level 2—Transport and Trade Facilitation Sector Outputs

Indicator	Baseline Year	Baseline Value	2009	Indicative Target
Expressways or national highways built or improved (km)	2008	196	791	↑
Proportion of total CAREC road corridor built or improved (%)	2008	2	10	↑
Time taken to a clear border crossing (hours)	2009	21	21	↓
Costs incurred at a border-crossing clearance (\$)	2009	399	399	↓
Speed to travel 500 km on CAREC corridor section (km per hour) ^a	2009	30	30	↑
Costs incurred to travel corridor section (\$)	2009	1,166	1,166	↓

km = kilometer, CAREC = Central Asia Regional Economic Cooperation.

^a Speed is measured here “without delays” for a 20-ton truck or a 20-foot equivalent unit container (Appendix 4).

Sources: Transport and Trade Facilitation Coordinating Committee, Country Progress Reports for transport indicators; ADB. *CAREC Corridor Performance Measurement and Monitoring Report*, June 2009, September 2009, December 2009, and March 2010. Manila for trade facilitation indicators; ADB project completion and validation reports for energy indicator.

⁹ ADB. 2008. *CAREC Transport and Trade Facilitation Strategy: Partnership for Prosperity*. Manila.

To facilitate identification of initial indicators for the overall CAREC results framework in 2009, the Secretariat prepared a basic analysis of strategic focus, priority, and project base, before proposing indicators that reflect progress in both hard and soft infrastructure development. Proposed indicators reflected the planned outputs of ongoing CAREC-related projects in the transport and trade facilitation sector. Technical experts and the coordinating committees for both components considered the proposals and selected indicators.

Two standard indicators for the transport component seek to capture physical outputs of the hard side of infrastructure development: (i) “expressways or national highways built or improved (km)” and (ii) “proportion of total CAREC road corridor built or improved (%).” These practical quantitative indicators underpin CAREC’s most basic goals: by measuring the amount of road kilometers built or upgraded, they demonstrate tangible progress in infrastructure connectivity throughout the CAREC region. Over time and set against future projected targets, they aim also to indicate when implementation is delayed or stalled. In line with the TTFS Action Plan and based on available data, the baseline year for these two indicators is set at 2008, the year the Action Plan was endorsed.

The trade facilitation component selected four indicators from its monitoring mechanism—the CAREC Corridor Performance Measurement and Monitoring (CPMM) Project—that represent the soft side of infrastructure development. The CPMM was launched in 2009 to (i) identify bottlenecks to efficient trade along the road and rail routes of CAREC’s six transit and transport corridors, and (ii) help determine necessary actions to address constraints.¹⁰ Based on a time–cost–distance methodology (Appendix 4), data for the first full year of CPMM implementation have been used to

establish the 2009 baseline for trade facilitation performance indicators that reflect progress and help establish trends in the CAREC results framework.¹¹

Data collection for the CPMM is carried out by the CAREC Federation of Carrier and Forwarder Associations (CFCFA), established in 2009 as a unified platform for private-sector trade and transport companies to assist CAREC partners in implementing the TTFS and its Action Plan. CPMM data is retained in a centralized database and non-sensitive information is accessible to CAREC partners. During 2010, this database will be developed in collaboration with the CAREC Institute web portal, to store additional relevant trade, transport, and customs information. Data for the trade facilitation indicators is submitted to the CAREC Secretariat through the CPMM Project.

What Do the Transport and Trade Facilitation Output Indicators Tell Us?

Currently, the transport indicators build on the 2008 baseline. In the case of hard infrastructure initiatives, data for 2009 record 791 km of expressways or national highways built or improved, representing 12% of the total 8,352 km identified. These data relate to 10 ongoing projects along all 6 CAREC corridors. At year-end 2009, cumulative infrastructure improvements since 2008 along the corridors amounted to 987 km, or 12% of the total corridor to be built or improved.

The CPMM-monitored trade facilitation indicators provide an important 2009 baseline for the CAREC DEfR process, against which progress will be measured as the monitoring exercise goes forward. Data for 2009 indicate the wide range of time and cost to travel on the different CAREC corridors and cross borders at different border crossing points (BCPs).

¹⁰ CPMM data are collected by 14 partner carrier and freight forwarder associations in eight CAREC member countries. A Memorandum of Association was signed by these partners association in October 2009, to establish the CAREC Federation of Carrier and Forwarder Associations (CFCFA).

¹¹ CAREC Corridors for Seamless Connectivity. CAREC Transport and Trade Facilitation: Corridor Performance Measuring and Monitoring. Annual Report: April 2009 to March 2010. The first annual report of the CPMM will be presented to the Senior Officials’ Meeting, Cebu, in November 2010.

For example, crossing a border in Central Asia took on average 21 hours in 2009, although this ranged from an average 90 minutes for border crossing points (BCPs) along Corridor 5 to an average 20 hours for Corridor 3, and 17 hours for Corridor 6.¹² Not only are Corridors 3 and 6 time-consuming to navigate—data show their BCPs as the most expensive, requiring an average cost of \$494 (Corridor 3) and \$649 (Corridor 6). In contrast, BCPs on Corridor 5 cost on average only \$97. The CPMM indicator “speed to travel 500 km on CAREC corridor section” shows that the speed for travel both with and without delays in Corridor 1 is relatively high.¹³ This indicates the presence of more favorable transit conditions along that route, than in Corridor 4, for example, where the speed without delays slows to 9 km/hr and further still to 3.6 km/hour for speed with delays. **As the CPMM yields more data and trends are confirmed, CAREC should use the results of the CPMM tool to prioritize trade facilitation activities and target BCPs most in need of development.**

Currently, the CPMM has limited data for the indicator “costs incurred to travel corridor section (\$)” and the figure of \$1,166 represents both components of transport costs detailed above. During 2010, the CCC will embark on a longitudinal study of costs along the corridors and, in line with these results, will establish a baseline figure for this indicator in the 2010 CAREC DEF. The CPMM also notes the frequency of unofficial payments made along CAREC corridors.¹⁴

What Do these Outputs Translate Into?

The outputs tracked through the results framework contribute in part to the broader objectives of the CAREC Program that impact

positively on the lives of the CAREC people (with a measure of caution in directly linking CAREC outputs to development outcomes (footnote 7). Given the longer-term nature of infrastructure investment and development, exactly **how** CAREC-related project outputs contribute to economic growth and improved living standards is often only apparent with a time-lag after project completion. For this reason, the CAREC DEF process also examines the effectiveness of completed CAREC-related projects in the priority sectors.

In 2009, for example, data became available through a project completion report for the Azerbaijan Highway Project, forming part of CAREC Corridor 2. The outputs included (i) reconstruction or upgrading of 94 km of the existing East–West Highway from Ganja to Gazakh, the road corridor lifeline of Azerbaijan’s non-oil trade; and (ii) institutional strengthening of the national road organization. These outputs translate into tangible improvements for the population along this section of Corridor 2, helping more people and their businesses travel faster (travel times improved by 33% along the Shamkir–Gazakh section of the Highway, and 14,000 people benefited from improvement of local roads); and cheaper (transport costs for goods and people fell, which stimulated trade and movement of goods and passenger traffic).

In the same way, a project validation report in 2009 for the Third Road Rehabilitation Project in the Kyrgyz Republic (connecting with Corridors 1, 2, and 3) confirms that along the improved sections of the Bishkek–Osh corridor faster travel times (up to 25%–30%) and a reported doubling in the number of households using motorized transport, connected more people with more options. For example, in 2006, 20% more

¹² Importantly, the CPMM data reflects time taken to clear one BCP only: thus, when a vehicle crosses from country A to country B, it must clear two BCPs, which doubles the average time and costs.

¹³ The CPMM measures (i) “speed without delay,” defined as the travelling speed when the vehicle is in motion, without taking into account stoppage time, such as border-crossing activities; and (ii) “speed with delays” which includes stoppage time for customs clearance, inspection, immigration, and so forth. The latter also includes stoppage caused by police checkpoints and State Automobile Inspectorate activities that occur along a transit route.

¹⁴ The CPMM understands “unofficial payment” as an exchange of money in return for a favor, which usually accelerates processing of applications or cargo clearance. Unofficial payment does not necessarily mean a separate payment for an exclusively “unofficial activity,” rather, it is an additional payment on top of an official sum and typically produces neither receipt nor audit trail.

people than in 2004 were able to commute to a workplace and seek work in places requiring commuting. One other project validation report for Tajikistan's Road Rehabilitation Project (connecting Corridors 3 and 5) details similar outcomes for the local population: rehabilitated road sections experienced a 25%–30% increase in both private and freight traffic, lower transport costs and less transport loss as traders were able to move their goods along better quality roads. Small business development also experienced an increase of about 20% in the project area during 2006.

► Trade Policy Sector

Strategic Approach

The CAREC Trade Policy Strategic Action Plan (TPSAP) envisages concrete policy actions to achieve its key objectives: (i) supporting World Trade Organization (WTO) accession, (ii) eliminating remaining quantitative restrictions on exports and imports, (iii) reducing and simplifying trade taxes, (iv) implementing capacity building activities to facilitate WTO accession and to improve the general institutional environment, and (v) reducing transit and border trade barriers.¹⁵ Through these policy actions, the Trade Policy Coordinating Committee (TPCC) aims to help all CAREC countries adopt more open trade regimes, thus facilitating both intra- and interregional trade.

The time frame for implementation of the TPSAP reflects the medium-term objective of WTO membership for CAREC countries that prioritize this process by the end of 2013. The appropriateness of this time frame, given the impact of the crisis, will be reassessed during the next 12 months.

Trade Policy Indicator (Table 4)

Indicator selection for the trade policy sector was a unique process. The TPCC is the only

CAREC coordinating committee whose focus is exclusively on policy action and reform, rather than project-based activities. Consequently, the mechanisms to monitor progress in trade policy differ from the other CAREC priority sectors. The selection process was nonetheless a collaborative process, involving the Trade Policy Coordinating Committee, the International Monetary Fund (IMF), representatives from the technical sectors, and the CAREC Secretariat.

In early 2009 and in collaboration with the IMF, the TPCC designed a questionnaire-based monitoring mechanism—aligned with the indicative action framework in the TPSAP—to track implementation progress of the TPSAP over the period 2009–2013. According to TPSAP's stated targets, member countries are expected to reduce or eliminate specific quantitative restrictions and tariffs, and apply other tax systems uniformly. CAREC countries finalized the questionnaire format and began compiling responses to the questionnaire for 2009.

The TPSAP questionnaire-based monitoring tool provided the raw data to build the CAREC trade liberalization index (TLI), a composite indicator for inclusion in the CAREC results framework.¹⁶ As most CAREC countries move toward WTO accession by addressing identified impediments to regional and international trade, the TLI tracks progress in the simplification and liberalization of CAREC country trade regimes, in line with the TPSAP's proposed targets (2010, 2011, and 2012) for achievement of these actions. The TLI applies plus or minus points to each component question, and one average aggregate figure represents the CAREC region. If the aggregate figure for 2010 matches or surpasses the 2010 target, this indicates that the goals of the TPSAP in trade simplification and liberalization are being met by the CAREC region as a whole.

Based on member countries' responses to the questionnaire, Table 4 presents data for the TLI to year-end 2009.

¹⁵ Trade Policy Coordinating Committee. 2008. Trade Policy Strategic Action Plan for the Central Asia Regional Economic Cooperation Program. Manila.

¹⁶ The CAREC trade liberalization index and its scoring methodology is presented in Appendix 4.

Table 4 Level 2—Trade Policy Sector Outputs

Indicator	Baseline Year	Baseline Value	2010 Target	2011 Target	2012 Target
CAREC trade liberalization index	2009	(1.8)	(3)	10	20

() = negative, CAREC = Central Asia Regional Economic Cooperation.

Source: Trade Policy Strategic Action Plan monitoring questionnaire, 2009.

What Does the Trade Policy Output Indicator Tell Us?

The year 2009 sets the baseline for the CAREC TLI. The TPSAP questionnaire yields sufficient information to calculate the TLI for five countries: Azerbaijan, Kazakhstan, the Kyrgyz Republic, Uzbekistan, and Tajikistan.¹⁷ **In order to gather data from a full complement of CAREC countries, the TPCC should investigate options—including budget and process—to support active participation in the questionnaire by all relevant partners and timely submission of their response.**

In aggregate form, the TLI indicates that the CAREC countries' score of –1.8 points has already achieved the 2010 target of –3 points. Disaggregated data reveal that this is primarily due to a strong performance by Kazakhstan, the Kyrgyz Republic, and Tajikistan, all of which have individually surpassed the 2010 target. Kazakhstan presents especially robust data for 2009, hitting the 2010 target in each component of the TLI.

What Do these Outputs Translate Into?

As the CAREC countries continue to simplify, liberalize, and open their trade regimes, as tracked partly through the TLI, they move closer to one of the TPSAP's key objectives—accession to the WTO. The training and knowledge acquired through the process of liberalizing trade regimes result in the CAREC countries being better-placed to understand the policy options open to them associated with WTO accession, as well as the implications of specific policy actions.

The potential impact of trade policy work under CAREC has a wider reach, however, than just WTO accession. The global crisis of 2008–2009 indicates how it can contribute to a stronger national and regional trade environment for the CAREC countries. Following the global crisis, the world economy has begun to show signs of a modest but steady recovery. Nevertheless, downside risks have risen sharply. In particular, there is a threat of escalation of financial stress and contagion, prompted by rising concern over sovereign risk. Given the existing trade and financial linkages, the ultimate effect could be substantially lower global demand. Growth prospects in advanced economies could also suffer if an overly severe or poorly planned fiscal consolidation stifles still-weak domestic demand. In these circumstances, there are reasons to fear that the very large imbalance between advanced economies with large current account deficits and dynamic exporters with large surpluses would require a sharp correction. One consequence is that imports by advanced economies from developing countries could not continue expanding as in previous decades.

The risk of continued global difficulties implies that the CAREC countries will likely have to face a more competitive trading environment. This means that their competitive edge must be enough to penetrate the new opportunities in rapidly growing developing countries. The existing TPSAP, which encompasses a wide range of measures to liberalize trade, remains highly relevant. However, it will likely need to be enhanced by measures aimed at improving the quality of institutions. The TPCC will start to identify broad institutional measures during 2010.

¹⁷ While Afghanistan submitted a response to the questionnaire survey, it lacked sufficient detail to be included in the 2009 trade liberalization index. The People's Republic of China and Mongolia did not submit responses to the survey.

► Energy Sector

Strategic Approach

The Strategy for Regional Cooperation in the Energy Sector of CAREC Countries (Energy Strategy) seeks to ensure (i) energy security through the balanced development of the region's energy infrastructure and institutions, stronger integration of the region's energy markets to make available adequate volumes of commercial energy (and energy services of acceptable quality) to all physical and juridical persons in a reliable, affordable, financially sustainable and environmentally sound manner; and (ii) economic growth through energy trade.¹⁸ The Energy Strategy was the first strategic framework for energy to be endorsed by all CAREC countries.

In 2009, endorsement at the 2009 Ministerial Conference of the CAREC Energy Action Plan Framework 2010–2013 (Action Plan) allowed the Energy Strategy to be put into operation.¹⁹ The Action Plan aims to deliver investments, knowledge and capacity building, and policy advice in three strategic areas, or pillars: (i) energy demand–supply balance and infrastructure constraints, (ii) regional dispatch and regulatory development, and (iii) analysis of energy–water linkages. It identifies the Central Asia corridor as a priority for the first phase of project implementation.²⁰

Energy Indicators (Table 5)

Indicator selection for the energy sector was a collaborative process between the Energy Sector Coordinating Committee (ESCC), technical expertise, and the CAREC Secretariat. The need to identify quantifiable indicators at output level presented a challenge, however, as the Energy Strategy has identified outcome level

indicators although, to date, output indicators remain pending. **The ESCC should work with the CAREC Secretariat as it develops output indicators over the next phase of strategic planning, to ensure alignment of data collection and analysis.** As with the other priority sectors, the ESCC considered possibilities put forward by the CAREC Secretariat and selected two preliminary output indicators for the overall results framework.

In determining these indicators, the practicalities of energy infrastructure should be considered: there is no incremental progress when building transmission lines and increasing energy generation capacity. Infrastructure improvements such as these are only operationalized when the works are fully completed. Thus, data for the current energy indicators reflect only completed projects.

It is important to note that several of the ongoing energy projects do not contribute directly to the two indicators for the results framework: these indicators must be understood as indicative of only a certain portion of energy outputs. In addition, the energy diagnostic studies currently underway will assist the energy sector in developing its 5-year pipeline of prioritized projects that will also contribute to the CAREC 2020 pipeline.

As the pipeline is developed, the Energy Sector Coordinating Committee should adjust or change the indicators for the CAREC results framework as appropriate.

The Energy Strategy refers to energy infrastructure as vital in ensuring overall economic growth and prosperity; and the Action Plan prioritizes the expansion of integrated transmission and generation infrastructure as a means to increase energy security, energy efficiency, and trade.

Level 2: CAREC Priority Sector
Outputs

¹⁸ Energy Sector Coordinating Committee. 2008. *Strategy for Regional Cooperation in the Energy Sector of CAREC Countries*. Manila. This strategy was endorsed at the 2008 CAREC Ministerial Conference, Baku, Azerbaijan.

¹⁹ Energy Sector Coordinating Committee. 2009. *CAREC Energy Action Plan Framework 2010–2013*. Manila. This action plan was endorsed at the 2009 CAREC Ministerial Conference, Ulaanbaatar, Mongolia.

²⁰ The five CAREC energy corridors are described in detail in the Energy Strategy: (i) Central Asia–China, (ii) Central Asia–South Asia, (iii) cooperation opportunities within Central Asia, (iv) Central Asia–Russia, and (v) Central Asia–European Union.

Table 5 Level 2—Energy Sector Outputs

Indicator	Baseline Year	Baseline Value	Projected Outputs for 2010–2012	Projected Outputs for 2013–2015
Transmission lines installed or upgraded (km)	2009	580	1,352	1,125
Increased energy generation capacity (MW)	2009	...	...	800

km = kilometer, MW = megawatt.

Source: ADB project completion and validation reports.

Accordingly, the proposed output indicators “transmission lines installed or upgraded (km)” and “increased energy generation capacity (MW)” seek to capture how CAREC’s physical infrastructure rehabilitation operations contribute to energy security and efficiency.

What Do the Energy Output Indicators Tell Us?

Data for 2009 report on only the first of the two indicators: 580 km of transmission line has been completed as a direct output of CAREC-related projects. The figures come out of three projects: the power component of Afghanistan’s Emergency Infrastructure Rehabilitation and Reconstruction Project, Tajikistan’s Power Rehabilitation Project, and the Guzar–Sukhan 500 kV Transmission Line Project in Uzbekistan. The baseline for “transmission lines installed or upgraded (km)” is thus set at 580 km in 2009.

Based on recently approved and ongoing CAREC-related energy projects, a significant level of outputs related to these indicators is also projected over the period 2010–2015. Seven approved projects—including one multifinancing facility investment in Afghanistan—are anticipated to build an estimated 2,477 km of high-voltage overhead transmission line. The CAREC results framework will track and report progress of these projects in subsequent years.

The second indicator presents a potential challenge in data collection. Initiatives that seek to increase energy generation capacity are very often implemented by the private sector and the CAREC Program supports greater participation of the private sector in this area.

However, with very limited CAREC partner financing allocated to energy generation projects, this indicator should either be reconsidered, or else the parameters of data collection should be expanded to include private sector, non-CAREC-partner initiatives in this case. **The ESCC should work with the CAREC Secretariat to determine the more practical and realistic option.**

What Do these Outputs Translate Into?

The energy outputs recorded for 2009 have contributed to very real change in people’s lives. For example, the power component of Afghanistan’s Emergency Infrastructure Rehabilitation and Reconstruction Project completed 241 km of high-voltage transmission line from the border with Uzbekistan through Naibabad, and on to both Mazar-e-Sharif and Pul-e-Khumri substations. Connecting with projects financed by other development partners, these transmission lines imported up to 150 MW of electricity from Uzbekistan and played a vital role in restoring power to Kabul. These power lines transformed people’s lives and the operation of offices and industrial plants in Mazar-e-Sharif, Pul-e-Khunri, and Kabul by ensuring uninterrupted electricity supply instead of the frequently experienced power outages. The potential effectiveness of regional cooperation is seen through this cross-border trade initiative.

Another example of how energy outputs can contribute to positive change is seen under the Power Rehabilitation Project in Tajikistan, which improved both the power supply to mainly poor areas of Khatlon Region and the reliability of power supply in the Dushanbe Region, rehabilitated Nurek hydropower plant,



and installed electronic metering equipment at power plants and substations. To date, forced outages due to distribution system faults in the Khatlon Region have decreased about tenfold and 21,600 households have benefitted from the upgrading of distribution systems in Khatlon Region. Longer-term, these improvements are expected to have direct and incremental impact on income and poverty reduction and improve standards of living.

► Proposed Actions for Level 2

The Transport and Trade Facilitation Coordinating Committee should, with the support of relevant CAREC partners,

- further develop its monitoring and data systems for the CAREC Program in conjunction with the CAREC Secretariat to ensure alignment with CAREC 2020 and its 5-year rolling pipeline, as well as the supporting overall results framework;
- establish a baseline figure for the indicator “costs incurred to travel corridor section (\$).”

The Trade Policy Coordinating Committee should, with the support of relevant CAREC partners,

- investigate options—including budget and process—to support active participation in the monitoring questionnaire by relevant partners and timely submission of their response.

The Energy Sector Coordinating Committee should, with the support of relevant CAREC partners,

- develop its monitoring and data systems for the CAREC Program in conjunction with the CAREC Secretariat to ensure alignment with CAREC 2020 and its 5-year rolling pipeline, as well as the supporting overall results framework; and
- reassess the practical relevance of the indicator “increased energy generation capacity (MW)” and identify realistic data collection systems, if this indicator remains.

Level 2: CAREC Priority Sector
Outputs

Level 3: Operational and Organizational Effectiveness

Indicators at Level 3 track financial and material resource inputs to the CAREC Program to assess operational and organizational effectiveness. Monitoring these inputs helps CAREC better understand how the overall program is (i) building on and consolidating its active operations portfolio and completing ongoing project activities, (ii) securing new financing, and (iii) responding to its member country needs in capacity building and knowledge production and sharing.

The CAREC Secretariat, in collaboration with all CAREC multilateral institutions, is responsible for data collection and analysis at Level 3, based on information provided to the CAREC Program portfolio. This portfolio presents all priority sector investments and technical assistance activities for the project-based sectors since 2001, when the Overall Institutional Framework was adopted and CAREC began to follow a more clearly determined organizational approach. For the purposes of this review, the baseline is set at 2006, the year CAREC ministers endorsed and adopted the Comprehensive Action Plan (CAP), which more fully defined the program's overall operational strategy.

The Secretariat should prioritize further development of the CAREC portfolio database, in collaboration with its multilateral institution partners, to reflect a fuller picture of investments and technical assistance activities in the CAREC Program.

► Operations Growth

Indicators for Operations Growth (Table 6) Indicators for operations growth examine trends in overall project growth in the transport and trade facilitation, and energy sectors, by tracking the cumulative number and volume of loans and grants approved, and the number of completed projects from the 2006 baseline to the period under review. The data indicate how successfully the CAREC partners continue to attract financing for ongoing and future investment.

What Do the Indicators Tell Us?

Data in 2009 show that cumulative overall investment growth was robust during the

Table 6 Level 3—Operations Growth

Indicator	Baseline Year	Baseline Value	2009	Indicative Target
Volume of approved investment projects (loans and grants, cumulative since 2001, \$ million)	2006	3,228 ^a	11,751 ^a	↑
Number of investment projects approved (loans and grants, cumulative since 2001)	2006	43	89	↑
Number of completed investment projects (cumulative since 2001)	2006	14	15	↑

^a Figures include only disbursed tranches of multifinancing facility investments.

Source: CAREC Program Portfolio.

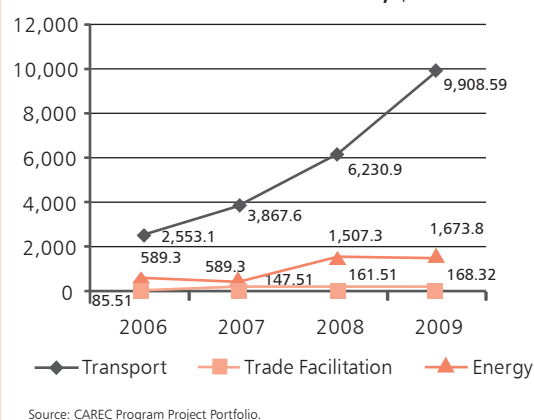
period 2006–2009, increasing from \$3.2 billion to \$11.8 billion (264%). A year-on-year breakdown of investment activity shows consistent cross-sector growth of 43% for 2006–2007, 72% for 2007–2008, and 49% for 2008–2009. This indicates CAREC’s sustained ability to secure funding: there appears to be no significant slowdown in the volume of loans and grants over this 3-year period.

CAREC country governments financed 22% of the \$3.2 billion cumulative investment portfolio of CAREC-related projects in 2006, compared to 23% of the cumulative \$11.8 billion in 2009. CAREC multilateral institutions secured financing for 75% in 2006 and 71% by 2009. The balance was cofinanced by other development partners. In addition, during the period 2007–2009, \$8.4 billion was committed for planned CAREC-related projects through a multifinancing facility mechanism that includes the CAREC governments, multilateral institutions, and others as financiers. By year-end 2009, \$1.5 billion of these committed funds had been disbursed.

In terms of cumulative volume within individual priority sectors, it is not surprising that transport shows the most impressive growth, from \$2.6 billion in 2006 to \$9.9 billion in 2009, a rise of 288%. Energy projects recorded the second largest rise from \$589 million in 2006 to \$2.5 billion in 2009 (184%). And trade facilitation projects experienced an increase from \$86 million to \$168 million (97%) over the same period (Figure 4).

Following a similar trend to that of investment volume, the number of CAREC-related investment projects has risen impressively from 43 to 89 (107%) over the period 2006–2009. This includes all approved (i.e., ongoing and completed) projects. A year-on-year breakdown shows a 26% increase for 2006–2007, 39% for 2007–2008, and 19% for 2008–2009. Again, transport projects dominate over 2006–2009, totaling 62 approved projects (of which 52 were still ongoing in 2009); energy projects accounted for 18 approved projects

Figure 4 Approved Volume of CAREC-Related Projects, by Sector, Cumulative since 2001, \$ million



(16 ongoing in 2009); and trade facilitation showed 9 approved (7 ongoing in 2009).

The CAREC portfolio in 2009 included 89 approved investment projects since 2001, of which 14 are listed as completed. While still too early in the lifetime of CAREC implementation to expect a high number of completed projects, it is important to track the number of projects that are delayed or extended and attempt to identify remediable actions. Working from available project-cycle estimates of ongoing CAREC-related projects, 9 investment projects are projected to close by year-end 2010, a further 7 by year-end 2011, and 11 more by year-end 2012.²¹ Over the coming years, the CAREC results framework will monitor planned against actual completion of these projects, wherever possible and practical, and attempt to establish whether CAREC-related projects in Central Asia are more or less prone to delays than investments in other parts of developing Asia.

► Finance Mobilization

Indicators for Finance Mobilization (Table 7)

Level 3 includes two indicators that track different areas of finance mobilization: the

²¹ These data are incomplete, counting only readily available data—mostly from ADB and World Bank projects.

Table 7 Level 3—Finance Mobilization

Indicator	Baseline Year	Baseline Value	2009	Indicative Target
Annual average volume of new approved investment projects (loans and grants, 3-year rolling average, \$ million)	2006	631	2,841	↑
CAREC technical assistance project financing gap (\$ '000)	2006	...	...	...

Note: Where rolling averages are used to flatten unrepresentative spikes and dips in data, 2006 reflects data for 2004–2006, and 2009 reflects data for 2007–2009.

Source: CAREC Program Portfolio.

“annual average volume of new approved investment projects” and the “CAREC technical assistance project financing gap.” The rationale for tracking these data is to build up over time a clear picture of overall annual investment trends—as distinct from (i) the cumulative volume of the program monitored through indicators for operations growth, and (ii) investment trends for individual sectors. Annual finance mobilization data will enable CAREC partners to analyze the main financing sources for CAREC project-based activities and better strategize future financing options and priorities.

Monitoring the annual level of CAREC’s technical assistance project financing gap aims to track the level of identified CAREC investments for which financing has not been secured. As the CAREC 2020 pipeline is established over the next 12 months, this indicator will play an important role in providing early warning of financing gaps that are becoming unmanageable or may put at risk related areas of implementation.

What Do the Indicators Tell Us?

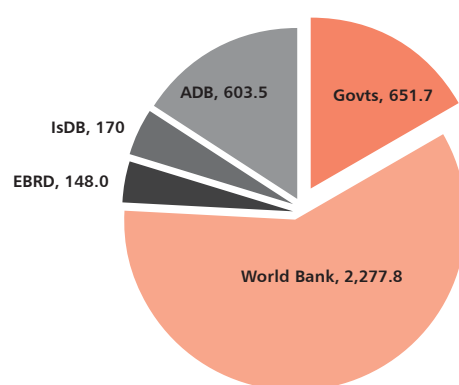
For 2009, data are available only for the first indicator in this category: annual average volume of new approved investment projects. The 2006 baseline value for this indicator is set at \$631 million.

Fourteen new CAREC-related investment projects (loans and grants) were approved in 2009—10 in the transport sector, 3 in energy, and 1 in trade facilitation. The overall volume of new financing for 2009 amounted to

\$3.9 billion (Figure 5), the highest level since 2001. Following the introduction of the CAP in 2006, investment financing rose at an annual average of \$2.9 billion for 2007–2009.

In 2009, 15 new CAREC-related technical assistance projects were approved, with a combined value of \$16.2 million (Figure 6). Eleven project preparatory technical assistance projects were begun in the transport and energy sectors, and four advisory technical assistance projects were provided to multisector initiatives, including trade facilitation. Five investment loans ensued from these technical assistance projects and were all approved in 2010.

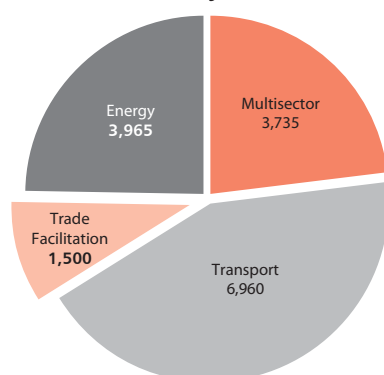
Figure 5 Loans and Grants Approved in 2009, by Fund Source, \$ '000



EBRD = European Bank for Reconstruction and Development, Govts = governments.

Source: Central Asia Regional Economic Cooperation Program Portfolio.

Figure 6 Technical Assistance Approved in 2009, by Sector, \$ '000



Source: Central Asia Regional Economic Cooperation Program Portfolio.

► Knowledge Management

Indicators for Knowledge Management (Table 8)

The CAREC CAP includes knowledge and capacity building as one of its key themes. Research and analytical work conducted through CAREC underpins the design and implementation of mutually beneficial regional initiatives. To this end, the results framework and DEfR process assess three areas of knowledge management: (i) the quality of CAREC-related technical assistance projects circulated in the year under review—"ratings of CAREC-related technical assistance projects completed (% successful);" (ii) the production and dissemination of CAREC-supported

research and other knowledge products—indicator pending; and (iii) training programs and capacity building—"participants in CAREC-supported training programs (number of person days)."

What Do the Indicators Tell Us?

CAREC-Related Technical Assistance Projects

In 2009, 9 CAREC technical assistance completion reports were circulated: 1 in transport, 2 in trade facilitation, 2 in energy, and 4 multisector. Out of these, 89% were rated as either "successful" or "highly successful." This compares with 82% in 2006, when 9 out of 11 technical assistance projects were rated "successful" or "highly successful." These data indicate that the design of technical assistance projects is increasingly relevant to the objectives of CAREC and that they are being effectively implemented.

However, it is important to note that the above data are incomplete as they reflect only technical assistance projects from one of CAREC's six multilateral institution partners.

The CAREC Secretariat should work with all multilateral institution partners to develop mechanisms that facilitate appropriate data sharing in order for this indicator to more fully capture progress and identify issues. Targets should also be developed for this indicator.

Several of the successful technical assistance projects supported the design and

Table 8 Level 3—Knowledge Management

Indicator	Baseline Year	Baseline Value	2009	Indicative Target
Ratings of CAREC-related technical assistance projects completed (% successful)	2006	82	89	↑
[Knowledge production and dissemination: pending]	...	...	...	...
Participants in CAREC-supported training programs (number of person days)	2009	1,825	1,825	↑

CAREC = Central Asia Regional Economic Cooperation Program.

Sources: Central Asia Regional Economic Cooperation Program Portfolio; CAREC Institute; CAREC Website Unit.

development of CAREC's institutional and strategic frameworks, through the provision of workshops, seminars, research studies, and meetings. Notable outputs included: (i) the "CAREC Transport and Trade Facilitation Strategy: Partnership for Prosperity"—which introduced the concept of the six CAREC corridors—and its Implementation Action Plan, and (ii) the Trade Policy Strategic Action Plan. To complement a stronger institutional framework and strategic direction, technical assistance activities also raised awareness of regional cooperation issues at policy-making and operational levels for some 300 senior government officials, the CAREC national focal points, private sector representatives, and other stakeholders.

Notable technical assistance successes under the energy sector brought together—for the first time since 2002—representatives of all the Central Asian countries to discuss regional water policy, and formed regional and national working groups. Training was delivered to the CAREC Members Electricity Regulators' Forum (CMERF) on effective energy regulation, cost-based tariff setting, and cost of service tariff modeling. Since the establishment of CMERF, all participating countries have implemented policies and actions to rationalize electricity tariffs to reach cost-recovery levels. Trade facilitation capacity enhancement initiatives in Afghanistan assisted the Ministry of Commerce (i) in the preparation of a new Agreement to regulate transit between and through Afghanistan and Pakistan, (ii) to develop functional regional transit systems to facilitate cross-border trade, and (iii) define new border functions for the Ministry of Commerce.

Another trade facilitation technical assistance in 2009 was rated "unsuccessful" because the original design was not followed, and the necessary outputs were subsequently not delivered.

Knowledge Production and Dissemination

Knowledge production and dissemination efforts under CAREC fall into two main components: the research program, and publications and outreach activity. Currently,

there is no indicator identified for either of these components due to a lack of sufficient relevant outputs that could contribute to a meaningful indicator. The process of building this indicator is directly linked to and dependent upon the ongoing assessment—discussed below—of how knowledge production and dissemination have been implemented under the CAREC Program.

Research Program

CAREC's knowledge and capacity-building function is primarily coordinated through the CAREC Institute's (i) Research Program and (ii) Small Research Grants Program. Given that these research programs are young (launched only in 2009), results are still pending.

That said, concerns of inadequate systematic process and relevance prompted an early review in 2010 of the CAREC Institute's activities, including the research program—the CAREC Institute Performance Assessment Review (CIPAR). Preliminary findings of the ongoing CIPAR exercise indicate that the original process of building research networks and increasing capacity for effective research initiatives had not been implemented in line with original design imperatives. CIPAR's initial report will be presented to the Ministerial Conference in November 2010.

As CIPAR continues to identify a more effective and practical strategic refocus for the CAREC Institute, it should develop a synchronized approach for monitoring systems that ensures the relevance and quality of research outputs. When these systems are in place and the research program is generating knowledge outputs, the CAREC Secretariat, jointly with the CAREC Institute, will introduce an indicator into the results framework that reflects progress of research activities.

Publications and Outreach Activity

While research initiatives support cross-cutting themes through the work of the CAREC Institute, the technical coordinating committees also produce studies and papers on specific sectoral topics, sometimes with support from

the CAREC Institute. In 2009, these included: the “Foundation Study: Transport and Trade Facilitation,” supported by the CAREC Institute; the *Transport and Trade Logistics Development Strategies for CAREC: A Synopsis of Nine ADB Studies*; and the two trade policy studies “Bazaars and Trade Integration in CAREC Countries” and “Deepening Integration in Border Regions within CAREC: The Asiaregio.”

To date these knowledge outputs have happened on an ad hoc basis and opportunities to maximize dissemination are limited. For example, the above studies and papers are shared mostly only in electronic copy through the CAREC Institute website. The CAREC Secretariat should develop a strategic plan for production and dissemination of appropriate CAREC materials. Collaborative support and guidance should be sought from the coordinating committees and the CAREC Institute. Clearly defined systems of peer and external review should be agreed upon by the CAREC partners to ensure relevance and quality of publications.

An essential component of CAREC’s outreach activities in 2009 was the launch of the CAREC Institute as a virtual entity, together with its website portal.²² The website serves in broad terms as a hub for knowledge and information on regional economic cooperation in the region. During the first month of public access (December 2009), unique users of the website totaled 374, and 795 user sessions were recorded. CAREC countries accounted for almost all user hits and six countries accrued 68% of all visits.²³ Nearly 52% of visits were direct traffic, and over 43% came from referring sites.²⁴

Website management to date has not been guided by an overall strategy, which risks

limiting the ability of the website to remain responsive to the CAREC partners’ priorities in the future. **Within its 3-year work plan, the CAREC Institute should develop a specific plan for the CAREC website, tailoring it in a more focused way to the requests and information needs of the CAREC partner countries.** This should be carried out in consultation with the CAREC Secretariat and sectoral coordinating committees.

Despite initiatives such as the website development, however, the goals and practical work of the CAREC Program are insufficiently understood outside of specific agencies and ministries of the CAREC country partners, and specific sectors of its multilateral institution partners. This is reflected in the modest amount of media coverage awarded to CAREC during 2009: the key news collator Factiva shows that only 141 English-language media articles mentioned CAREC. **The necessary systems to monitor external perceptions of CAREC are currently underdeveloped and the CAREC Secretariat, in collaboration with CAREC media relations human resources throughout the region, should track both English- and local-language media coverage throughout the CAREC region.**

Training and Capacity Building

The indicator “participants in CAREC-supported training programs” tracks the annual number of person days that CAREC sponsors or co-sponsors capacity-building and training activities to assist its institutional bodies and technical sectors carry out their duties in the most effective way. Several of these initiatives are coordinated through the CAREC Institute. In 2009, for example, the indicator shows that 939 participants attended 34 CAREC-sponsored

²² www.carecinstitute.org. Initially only in English, the website was quickly followed by the Russian-language mirror-site in November.

²³ The top three CAREC countries were the Kyrgyz Republic, Kazakhstan, and Uzbekistan. This figure discounts user hits from the Philippines because of the weighted distortion of ADB usage. If website usage in the Philippines is counted, then 31% of total visits emanated from six CAREC countries.

²⁴ “Direct traffic” refers to users who enter the CAREC website address (www.carecinstitute.org) into their browser, while a “referring site” means that the user comes to the CAREC website through a link from another website.

training sessions, workshops, or seminars.²⁵ Events took place in six of the eight CAREC countries, Singapore, the Republic of Korea, and Belgium. Women participation in training and capacity building initiatives stood at 32% of the total.

Capacity building functions aim to be responsive to and strengthen all areas of CAREC institutional and operational activity. The most important areas include:

- ***Institutional framework support and capacity building:*** Promoting increased regional cooperation in 2009, the CAREC partners hosted the Ministerial Conference, two Senior Officials' Meetings, and six sector coordinating committee meetings. The willingness of CAREC countries to maintain this annual schedule not only promotes active dialogue and exchange, but also underscores the partners' commitment to the longer-term objectives of regional cooperation. **To ensure continued effectiveness of these arrangements, all CAREC partners should ensure participation of the appropriate levels of government, institutional, and technical representation at the relevant meetings.**
- ***The Executive Leadership Development Program,***²⁶ launched in August 2009, provides innovative approaches in effective decision-making processes, organizational behaviors, negotiation, and global best practices in public sector management at the executive level. Other events focus on building practical knowledge and new skills in public sector management, public finance, and procurement at the middle- and senior-level government level.
- ***Technical training and capacity building across all priority sectors*** was active and diverse during 2009, including events sponsored or co-

sponsored by the CAREC Institute, the multilateral institution partners, and other development partners.

- ***The CAREC Partnership Forum*** was hosted for the first time in May 2009, bringing together representatives of CAREC countries, multilateral institutions, and other funding agencies active in the CAREC region.²⁷ The main objectives were to share information, facilitate cooperation and coordination of activities of development partners at a practical sectoral level, and promote efficient development of the priority CAREC corridors, ensuring that investments benefit the region as a whole.

Given the breadth of scope required to deliver training and capacity building across all components of the CAREC Program, it is essential to have a strong and systematic coordinating mechanism. This mechanism must ensure that (i) no duplication occurs, (ii) quality of training and capacity building is consistently high and responsive to the clients' needs, and (iii) human and budgetary resources are allocated in the most effective way.

However, despite the intention that the CAREC Institute serve as the primary coordinating vehicle, training and capacity building initiatives to date have been conducted on a mainly ad hoc basis with a lack of systematic approach. A general lack of follow-on evaluation of training and capacity building—after a period of 6–12 months—has furthermore resulted in the absence of meaningful participant feedback and the consequent inability to improve training components in a meaningful way.

The CAREC Secretariat should develop a systematic approach to training and capacity building needs, in collaboration with the ongoing CIPAR exercise. It should (i) consider enhancing the functions of the CAREC Institute as a coordinating mechanism for capacity building, particularly

²⁵ A comprehensive list of trainings, seminars, and events—including agendas, lists of participants, and relevant documentation—is available at <http://www.carecinstitute.org/index.php?page=projects>.

²⁶ www.carecinstitute.org/index.php?page=executive-leadership-development-program-eldp.

²⁷ CAREC Secretariat. 2009. Introductory Note: CAREC Partnership Forum. Manila.



in cross-cutting themes relevant to more than one sector, including second-tier initiatives; (ii) prioritize better use of resources—such as the sector coordinating committees, and regional training facilities in CAREC partner countries—in planning, design and implementation of capacity building activities; and (iii) establish consistent best practices of follow-on evaluation for training events in order to improve quality and relevance of the product offered to participants.

► **Proposed Actions for Level 3**

The CAREC Secretariat should, jointly with relevant CAREC partners,

- further develop the current CAREC project portfolio database to ensure that the most updated and comprehensive project data is available for investment projects and technical assistance projects, planned, approved, ongoing, and completed;

- ensure that—as CAREC 2020 and the rolling pipeline are developed—a comparable and practical indicator to measure CAREC’s financing gap is developed for future inclusion in the overall CAREC results framework;
- develop an overall external relations plan that systematically plans and monitors all activities related to research, publications and outreach (including the CAREC website), and external perceptions of the CAREC Program;
- work with the CAREC Institute’s CIPAR findings and onward development, to build an appropriate knowledge production and dissemination indicator;
- consider strengthening the coordinating capacity of the CAREC Institute to produce a more detailed and systematic strategic approach to training and capacity building across all components of the program, using more effectively expertise available through the CAREC country partners and priority sector coordinating committees, as well as regional facilities.

Level 3: Operational and
Organizational Effectiveness



Conclusion

In 2009, the CAREC Program initiated specific actions to develop a results framework to track overall progress toward the goals and objectives outlined in its Comprehensive Action Plan. This review delivers the first complete overall results framework, accompanied by an initial DEfR that assesses in broad terms the achievements and issues of the program during 2009. Through a collaborative process, CAREC has selected indicators, collected data, and built a baseline as the foundation for onward monitoring of the overall program. An adjusted DEfR schedule has been proposed—bringing delivery forward to the Spring SOM—to maximize the potential benefits of the DEfR process as a practical and effective monitoring tool.

Challenges remain, however, in CAREC's further development and implementation of its results-based approaches. CAREC should continue to strengthen the strategic framework that enables it to measure achievements and highlight issues and constraints of the program as a whole, rather than through its many diverse components. All priority sectors should finalize and implement performance monitoring mechanisms that deliver consistent and comparable data, report on progress in implementation of their sector

strategies, and be aligned with the overall results framework. Targets should be set for each indicator in the results framework. Data collection systems should be strengthened.

These actions require time, focused planning, and commitment among the pertinent CAREC bodies in order to achieve a robust final monitoring mechanism that will serve not only to measure overall progress, but one that also functions as an early-warning system of issues that require attention. As such, the results framework and DEfR process should be mainstreamed into the CAREC processes in order to effectively contribute to CAREC's strategic decision-making processes.

The overall results framework and DEfR process has enabled CAREC to make a strong start in implementing its original intention of being a practical, results-based initiative. As the program approaches its second decade of implementation and further develops its strategic and operational base to remain responsive to future priorities, its monitoring mechanisms will be adjusted in tandem to ensure robust and credible delivery of results.

APPENDIX 1

CAREC Program Results Framework

Table A1.1 Level 1—CAREC Region Development Outcomes

Indicator	Baseline Year	Baseline Value	2009/ Latest Value	Indicative Target
Poverty Reduction and Human Development				
Population living below \$2/day	2002	52.3	42.4 ^a	↓
Human development index	2006	0.731 ^b	0.683 ^c	↑
Gender-related development index	2006	0.724	0.731 ^{c, d}	↑
Gross Domestic Product, Trade, and Business Environment				
GDP per capita PPP (constant 2005 international \$)	2006	3,301	3,796 ^e	↑
GDP PPP (constant 2005 international \$)	2006	53.9	63.2 ^e	↑
Employment to population ratio (%)	2006	57	58 ^e	↑
Women employed in nonagricultural sector (%)	2006	47	51 ^c	↑
Real growth in trade of goods and services (%)	2006	12.1	(2.8) ^f	↑
Intraregional energy trade (GWh)	2005	6,321	3,714 ^e	↑
GDP per unit of energy use (2005 PPP \$ per kilogram of oil equivalent)	2006	2.6	3.0 ^c	↑
Foreign direct investment, net inflows (% GDP)	2006	4.3	6.3 ^e	↑
Time required to start a business (days)	2006	31	14	↓
Cost of business start-up procedures (% GNI per capita)	2006	27	12	↓

() = negative, GNI = gross national income, GWh = gigawatt-hour, PPP = purchasing power parity.

^a 2005 data.

^b Excludes data for Afghanistan, which only became available in 2008 and are reflected accordingly under latest value column in Table A1.1. If 2008 data for Afghanistan were not reflected in the latest value, the aggregate average HDI would be 0.738.

^c Includes 2007 data.

^d No data for Afghanistan, Azerbaijan, or the Kyrgyz Republic.

^e 2008 data.

^f 2009 data.

Note: Comparable subnational data for Xinjiang Uygur Autonomous Region and Inner Mongolia Autonomous Region are available only for the human development index indicator and are reflected accordingly.

Sources: World Bank. PovcalNet Online Database for indicator 1; United Nations Development Programme. 2010. *Human Development Report*. New York, for indicators 2–3; World Bank. World Development Indicators Online Database for indicators 4–7 and 10–11; World Bank. World Trade Indicators Online Database for indicator 8; Central Dispatch Center, Tashkent, Uzbekistan, 2008, for indicator 9; IFC/World Bank Doing Business Online Database, for indicators 12–13.

Table A1.2 Level 2—CAREC Priority Sector Outputs

Indicator	Baseline Year	Baseline Value	2009	Indicative Target
Transport and Trade Facilitation				
Expressways or national highways built or improved (km)	2008	196	791	↑
Proportion of total CAREC road corridor built or improved (%)	2008	2	10	↑
Time taken to clear a border crossing (minutes)	2009	21	21	↓
Costs incurred at a border-crossing clearance (\$)	2009	399	399	↓
Speed to travel 500 km on CAREC corridor section (km per hour) ^a	2009	30	30	↑
Costs incurred to travel corridor section (\$)	2009	1,166	1,166	↓
Trade Policy Sector				
CAREC trade liberalization index	2009	(1.8)	(1.8)	↑
Energy Sector				
Transmission lines installed or upgraded (km)	2009	580	580	↑
Increased energy generation capacity (MW)	2009	...	...	↑

() = negative, CAREC = Central Asia Regional Economic Cooperation, km = kilometer, MW = megawatt.

^a Speed is measured either with or without delays (Appendix 4).

Sources: Transport and Trade Facilitation Coordinating Committee, Country Progress Reports for transport indicators; CAREC Corridor Performance Measurement and Monitoring Report, June 2009, September 2009, December 2009, and March 2010. Manila, for trade facilitation indicators; CAREC Trade Liberalization Index for trade policy indicator; ADB project completion and validation reports for energy indicator.

Table A1.3 Level 3—Operational and Organizational Effectiveness

Indicator	Baseline Year	Baseline Value	2009	Indicative Target
Operations Growth				
Volume of approved investment projects (loans and grants, cumulative since 2001, \$ million)	2006	3,228 ^a	11,751 ^a	↑
Number of investment projects approved (loans and grants, cumulative since 2001)	2006	43	89	↑
Number of completed investment projects (cumulative since 2001)	2006	14	15	↑
Finance Mobilization				
Annual average volume of new approved investment projects (loans and grants, 3-year rolling average, \$ million)	2006	631	2,841	↑
CAREC technical assistance financing gap (\$ '000)	...	...	...	...
Knowledge Management				
Ratings of CAREC-related technical assistance projects completed (% successful)	2006	82	89	↑
[Knowledge sharing and dissemination: pending]	...	...	...	...
Participants in CAREC-supported training programs (# person days)	2009	1,825	1,825	↑

CAREC = Central Asia Regional Economic Cooperation.

^a Figures include only disbursed tranches of multi-financing facility investments.

Note: Where rolling averages are used, 2006 reflects data for 2004–2006, and 2009 reflects data for 2007–2009.

Source: Central Asia Regional Economic Cooperation Program Project Portfolio.

APPENDIX 2

Results Framework Definitions and Sources

Table A2.1 Level 1—CAREC Region Development Outcomes

Indicator	Definition and Source
Poverty Reduction	
Population living below \$2/day	<p>Definition: Percentage of the population living on less than \$2-a-day measured at 2005 international prices adjusted for purchasing power parity (PPP). The \$2-a-day poverty line is compared to consumption or income per person and includes consumption from own production and income in kind.</p> <p>Source: World Bank PovcalNet Online.</p>
Human Development Index	<p>Definition: The human development index (HDI) is a composite index measuring average achievement in three basic dimensions of human development—a long and healthy life (life expectancy at birth); knowledge (adult literacy rate, and gross enrolment ratio); and a decent standard of living (GDP per capita [PPP US\$]). The HDI provides a single statistic as a frame of reference for both social and economic development. The HDI sets a minimum and a maximum for each dimension, called goalposts, and then shows where each country stands in relation to these goalposts, expressed as a value between 0 and 1.</p> <p>Source: United Nations Development Programme. <i>Human Development Reports</i>. New York.</p>
Gender-Related Development Index	<p>Definition: The gender-related development index (GDI) is a composite measure of gender development—the HDI adjusted for gender inequality. It measures achievement in the same basic capabilities as the HDI, but takes note of inequality in achievement between women and men. It measures average achievement in the three basic dimensions captured in the HDI—a long and healthy life (life expectancy at birth); knowledge (adult literacy rate); and a decent standard of living (estimated earned income). The methodology used imposes a penalty for inequality, such that the GDI falls when the achievement levels of both women and men in a country go down or when the disparity between their achievements increases. The greater the gender disparity in basic capabilities, the lower a country's GDI compared with its HDI. The GDI is simply the HDI discounted, or adjusted downwards, for gender inequality.</p> <p>Source: United Nations Development Programme. <i>Human Development Reports</i>. New York.</p>
Gross Domestic Product, Trade, and Business Development	
GDP per capita PPP (\$)	<p>Definition: Sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products, divided by population. It is calculated without deductions for depreciation of fabricated assets or for depletion and degradation of natural resources and at market prices based on constant local currency.</p> <p>Source: World Bank. <i>World Development Indicators Online</i>. August 2010.</p>

continued on next page

Table A2.1 *continued*

Indicator	Definition and Source
Gross Domestic Product, Trade, and Business Development	
Employment to population ratio (%)	<p>Definition: Number of employed persons, calculated as a percentage of the working-age population.</p> <p>Source: World Bank. World Development Indicators Online. August 2010.</p>
Women employed in nonagricultural sector (%)	<p>Definition: Share of female workers in nonagricultural sector expressed as a percentage of total employment in the sector. Nonagricultural sector includes industry and services. Following the International Standard Industrial Classification of All Economic Activities, "industry" includes mining and quarrying (including oil production), manufacturing, construction, electricity, gas, and water. "Services" includes wholesale and retail trade; restaurants and hotels; transport, storage, and communications; financing, insurance, real estate, and business services; and community, social, and personal services.</p> <p>Source: World Bank. World Development Indicators Online. August 2010.</p>
Real growth in trade of goods and services (%)	<p>Definition: Average annual growth rate of total exports and imports in goods and services, deflated by import and export prices maintained by Development Prospects Group 2000. This indicator reflects the trade expansion of a country over the period.</p> <p>Source: World Bank. World Trade Indicators Online. August 2010.</p>
Intraregional energy trade (\$)	<p>Definition: Total volume of regional electric trade in gigawatt hours of the CAREC member countries.</p> <p>Source: Central Dispatch Center, Tashkent, Uzbekistan, 2008.</p>
GDP per unit of energy use (2005 PPP \$ per kilogram of oil equivalent)	<p>Definition: The ratio of GDP to energy use indicates energy efficiency. GDP per unit of energy use is the ratio of gross domestic product per kilogram of oil equivalent of energy use, with GDP converted to 2005 constant international dollars using PPP rates. An international dollar has the same purchasing power over GDP that a dollar has in the United States. Energy use refers to the use of primary energy before transmission to other end-use fuel, which is indigenous production plus imports and stock changes minus exports and fuel supplied to ships and aircraft engaged in international transport.</p> <p>Source: World Bank. World Development Indicators Online. August 2010.</p>
Foreign direct investment, net inflows (% GDP)	<p>Definition: International investment that obtains a lasting interest (at least 10%) in an enterprise resident in another economy. The components of foreign direct investment (FDI) are equity capital, reinvested earnings and other capital (mainly intra-company loans). As countries do not always collect data for each of those components, reported data on FDI are not fully comparable across countries. In particular, data on reinvested earnings, the collection of which depends on company surveys, are often unreported by many countries.</p> <p>Source: World Bank. World Development Indicators Online. August 2010.</p>

CAREC = Central Asia Regional Economic Cooperation, FDI = foreign direct investment, GDI = gender-related development index, GDP = gross domestic product, HDI = human development index, PPP = purchasing power parity.

Table A2.2 Level 2—CAREC Priority Sector Outputs

Appendices

Indicator	Definition ^a and Source
Transport and Trade Facilitation Sector	
Expressways or national highways built or improved (km)	<p>Definition: Length of expressways (i.e., fully access controlled highways) built or improved, expressed in km. Access control means no direct crossings. “Expressways” can include roads that in certain countries are called highways if they have full access control. “Improving” includes all activity to restore a degraded road to originally intended design capacity (repair and/or rehabilitation) and to improve on its design capacity (e.g., by widening). “Improving” cannot be applied in cases where only road signage is improved.</p> <p>Source: Transport and Trade Facilitation Coordinating Committee, Country Progress Reports for transport indicators.</p>
Proportion of total CAREC road corridor built or improved (%)	<p>Definition: Percentage total of all CAREC road corridors built or improved through CAREC investment activities that meet appropriate international roughness index standards. Road should be open to public use.</p> <p>Source: Transport and Trade Facilitation Coordinating Committee, Country Progress Reports for transport indicators.</p>
Time taken to clear a border crossing (minutes)	<p>Definition: The average duration (in minutes) taken to move cargo from an exit point of a country to the entry point of another country. The entry and exit points are typically a primary control center where customs, immigration and quarantine (CIQ) are done. Besides the standard formalities to clear CIQ, this measurement also includes waiting time, unloading and loading time, change of rail gauges and so forth, to capture both complexity and inefficiencies inherent in the border crossing process. This indicator is normalized at 500 km as a basis of unit, so that duration between long and short corridors is comparable.</p> <p>Source: CAREC Corridor Performance Measurement and Monitoring Reports.</p>
Costs incurred at a border crossing clearance (\$)	<p>Definition: The average of total expenses (\$) to move cargo from an exit point of a country to the entry point of another country. The entry and exit points are typically a primary control center where CIQ are done. Both official and unofficial payments are included. This indicator is normalized at 500 km as a basis of unit, so that average cost between long and short corridors is comparable.</p> <p>Source: CAREC Corridor Performance Measurement and Monitoring Reports.</p>
Speed to travel 500 km on CAREC Corridor section (km/hour)	<p>Definition: The average speed for a unit of cargo to travel within the country and across borders. A unit of cargo refers to a cargo truck with 20 tons of goods (for road transport) or a rail wagon with one 20-foot equivalent unit (for rail transport). Speed is calculated by taking the total distance traveled divided by the total time taken; both distance and time include border crossings.</p> <p>Source: CAREC Corridor Performance Measurement and Monitoring Reports.</p>

continued on next page

Table A2.2 *continued*

Indicator	Definition ^a and Source
Costs incurred to travel corridor section(\$)	<p>Definition: The average of total costs incurred for a unit of cargo to travel within the country and across borders. A unit of cargo refers to a cargo truck with 20 tons of goods (for road transport) or a rail wagon with one 20-foot equivalent unit (for rail transport). Both official and unofficial payments are included.</p> <p>Source: CAREC Corridor Performance Measurement and Monitoring Reports.</p>
Trade Policy Sector	
CAREC trade liberalization index	Composite indicator measuring achievement in prioritized actions leading toward effective trade liberalization, as a first step in the process of WTO accession. Progress is monitored in the following areas: (i) tariffication of quantitative restrictions, (ii) tariff simplification, and (iii) reduction of impediments to transit trade. Data will be extracted from an annual IMF-conducted questionnaire survey of all eight CAREC partners. Indicative targets are set for 2012.
Energy Sector	
Transmission lines installed or upgraded (km)	Transmission lines $\geq 110\text{kV}$ (some countries may report only $\geq 220\text{kV}$, which was accepted by the committee because it will under-report performance), constructed or upgraded (km).
Increased energy generation capacity (MW)	Increased energy generation capacity (expressed in megawatts) is incremental capacity created by the project, and the aggregate of the following categories: (i) MW capacity of new power plant projects, (ii) incremental MW as the result of rehabilitation project, and (iii) MW-equivalent capacity of heating supply added.

km = kilometer, MW = megawatt, CAREC = Central Asia Regional Economic Cooperation, CIQ = customs, immigration and quarantine, ESCC = Energy Sector Coordinating Committee, IMF = International Monetary Fund, WTO = World Trade Organization.

^a The sector coordinating committees are responsible for identifying appropriate sources for data collection for Level 2 indicators.

Table A2.3 Level 3—Operational and Organizational Effectiveness

Indicator	Definition ^a
Operations Growth	
Number of investment projects approved (loans and grants, cumulative since 2006)	Number of CAREC-related multilateral institution and/or country government projects (loans and grants) approved.
Volume of approved investment projects (loans and grants; cumulative since 2006, \$ million)	Total volume of CAREC-related multilateral institution and/or country government projects (loans and grants) approved.
Number of completed investment projects (cumulative since 2001)	Number of multilateral institution-validated project completion reports, rating projects "successful or better."
Finance Mobilization	
Annual average volume of new approved investment projects (loans and grants, 3-year rolling average, \$ million)	Total volume of CAREC-related projects (loans and grants) from all CAREC partner multilateral institutions and country governments, approved during 12-month period under review.
CAREC technical assistance financing gap (\$ '000)	Outstanding funding gap for proposed and/or approved priority sector technical assistance projects, forecast for current 12-month period.
Knowledge Management	
Ratings of CAREC-related technical assistance projects completed (% successful)	Number of completion reports prepared for CAREC TAs in the last 3 years with "successful or better" ratings as a percentage of total TA completion reports circulated in those years.
Knowledge sharing and dissemination: work-in-progress	Pending
Participants in CAREC-supported training programs (# person days)	Total count of individuals successfully completing CAREC-sponsored training programs during 12-month period under review.

CAREC = Central Asia Regional Economic Cooperation, DEfR = development effectiveness review, TA = technical assistance.

^a The CAREC Unit will initially collect data for Level 3 indicators through its CAREC-related project portfolio database. Country government and multilateral institution partners will be requested to assist the CAREC Unit by supplying information to keep the portfolio database up-to-date.

APPENDIX 3

CAREC Region Development Outcomes

Table A3.1 Millennium Development Goals in the CAREC Region

Indicator	Baseline Year	Baseline Value	2008/ Latest Value	2015 Projection
Population living below \$1.25 (PPP) a day (%)	2001	25.5 ^a	27.8 ^a	33.2 ^a
Children under 5 moderately or severely underweight (%)	2004–2006	16.5	3.5	2.6
Total net enrolment ratio in primary education, both sexes	2001	98.0 ^a	94.1 ^a	86.7 ^a
Pupils starting Grade 1 who reach last grade of primary, both sexes (%)	2001	96.2	98.8 ^{a,b}	...
Primary education completion rate, both sexes (%)	2001	63.6 ^a	99.4 ^a	97.3 ^a
Gender parity index in primary level enrolment	2001	0.73	0.83	0.87
Gender parity index in secondary level enrolment	2001	0.78	0.78	0.69
Gender parity index in tertiary level enrolment	2001	0.75	0.76	0.76
Women in wage employment in nonagricultural sector (%)	2001	46.3 ^b	50.8 ^{b, c}	Increase
Children under 5 mortality rate per 1,000 live births	2000	154.0	144.0	148.0
Infant mortality rate (0–1 year) per 1,000 live births	2000	105.1	97.1	98.5
Adults (15+) living with HIV (number, million)	2000	0.10	0.14 ^{a, b}	Halt or reverse
Women (15+) living with HIV (number, million)	2007	0.10	0.10 ^b	
Tuberculosis prevalence rate per 100,000 population	2001	162.6	199.3	133.6
Tuberculosis death rate per 100,000 population	2001	22.9	22.6 ^b	...
Land area covered by forest (%)	2000	3.6	3.4	3.3
Protected area to total surface area (%)	2001	5.5	5.5	8.2
Consumption of ozone-depleting CFCs (ODP metric tons)	2001	39.2	37.1	242.9
CO2 emissions (metric tons per capita)	2001	1.2	4.8	8.3
Population using improved drinking water source (% of population with access)	2000	67.6	75.0	84.1
Population using improved sanitation facilities (% of population with access)	2000	80.1	73.8	74.8

CAREC = Central Asia Regional Economic Cooperation, CFC = chlorofluorocarbon, CO₂ = carbon dioxide, ODP = ozone-depleting potential, PPP = power purchase parity.

^a Data not available for Afghanistan.

^b 2007 data.

Note: Comparable subnational data for Xinjiang Uygur Autonomous Region and Inner Mongolia Autonomous Region are not available, therefore these two regions are not reflected in Table A3.1.

Sources: Millennium Development Goals Online Database; World Bank. PovcalNet Online Database; World Bank. World Development Indicators Online Database.

Table A3.2 Level 1 Country Groupings

Appendixes

Europe and Central Asia (all income levels)			
Albania	Faeroe Islands	Kyrgyz Republic	San Marino
Andorra	Finland	Latvia	Serbia
Armenia	France	Liechtenstein	Slovak Republic
Austria	Georgia	Lithuania	Slovenia
Azerbaijan	Germany	Luxembourg	Spain
Belarus	Gibraltar	Macedonia, FYR	Sweden
Belgium	Greece	Moldova	Switzerland
Bosnia and Herzegovina	Greenland	Monaco	Tajikistan
Bulgaria	Hungary	Montenegro	Turkey
Channel Islands	Iceland	Netherlands	Turkmenistan
Croatia	Ireland	Norway	Ukraine
Cyprus	Isle of Man	Poland	United Kingdom
Czech Republic	Italy	Portugal	Uzbekistan
Denmark	Kazakhstan	Romania	
Estonia	Kosovo	Russian Federation	
Europe and Central Asia (developing countries only)			
Albania	Kosovo	Serbia	
Armenia	Kyrgyz Republic	Tajikistan	
Azerbaijan	Lithuania	Turkey	
Belarus	Macedonia, FYR	Turkmenistan	
Bosnia and Herzegovina	Moldova	Ukraine	
Bulgaria	Montenegro	Uzbekistan	
Georgia	Romania		
Kazakhstan	Russian Federation		
South Asia			
Afghanistan	India	Pakistan	
Bangladesh	Maldives	Sri Lanka	
Bhutan	Nepal		

APPENDIX 4

Level 2 Methodologies

► Trade Facilitation

CAREC Corridor Performance Measurement and Monitoring (CPMM) Program

The CAREC Transport and Trade Facilitation Strategy and its Action Plan focus on six corridors, along which the CPMM Program monitors and reports on selected links and nodes, identifies bottlenecks, and proposes actions. The rationale behind the CPMM includes the following: (i) improving trade facilitation and increasing transport connectivity help economic growth, (ii) efficient and effective transport and logistics services stimulate economic activity and help the CAREC region take advantage of its position as a land bridge between Europe and Asia, and (iii) International trade flows account for about 80% of the region's gross domestic product.

Methodology

The Time–Cost–Distance (TCD) methodology gathers time and cost data associated with transit transport.¹ By examining the cost and time characteristics of every section along a route, inefficiencies and bottlenecks are identified. For the CAREC CPMM, a modified TCD methodology was designed, including a new driver's form and TCD template. The one-page driver's form is simple and straightforward,

allowing drivers to log the place of origin and destination, distance traveled between stops, and time and cost spent on activities, among others. Drivers submit completed forms to CPMM coordinators for entry into the modified TCD template. The modified TCD template includes a predefined list of activities with options for additional activities, selections to define costs as official or unofficial, corridor stop classifications, options for reporting cargo weight (in 20-foot equivalent unit containers, and tons), and whether goods are perishable or not. The new template also makes use of dynamic charts to graph only those stops with sufficient information.

Fourteen partner associations of freight forwarders and road carriers from the eight CAREC countries were engaged to collect time and cost data on a regular basis.² Each partner association submits about 30 observations per month to ADB for further processing and analysis. Regular coordination with the partner associations enables ADB to fill in data gaps.

► Trade Policy

Trade Liberalization Index

The rationale for constructing a composite index to measure progress in trade liberalization is based in the trade policy sector's medium-

¹ The United Nations' Economic and Social Commission for Asia and the Pacific (UNESCAP) Time-Cost-Distance Method has been widely used for assessing the performance of the corridors. It was used by the World Bank in its assessment of corridors in Africa and by the International Road Transport Union–New Europe Land Transport Initiative on Central Asian routes.

² The freight forwarders and road carriers are: Association of Afghanistan Freight Forwarders Companies, Azerbaijan International Road Carriers Association, Kazakhstan Freight Forwarders Association, Union of International Road Carriers of Kazakhstan, Kyrgyz Freight Operators Association, Kyrgyz Association of Road Carriers, National Road Transport Association of Mongolia, Mongolia National Chamber of Commerce and Industry, China International Freight Forwarders Association, Inner Mongolia Autonomous Region Logistics Association, Xinjiang Uygur Autonomous Region Freight Forwarders Association, Association of International Automobile Carriers of Tajikistan, Association of International Road Carriers of Uzbekistan, and Business Logistics Development Association of Uzbekistan.

term aim of progression toward World Trade Organization accession. Addressing impediments to regional and international trade comprise an essential component of the WTO process. Accordingly—and in line with the Trade Policy Strategic Action Plan—the proposed trade liberalization index (TLI) will track progress in the simplification and liberalization of the trade regime in the CAREC countries.

The TLI corresponds directly to the questionnaire-based survey to be completed

annually by all CAREC countries, designed by the Trade Policy Coordinating Committee, in conjunction with the International Monetary Fund. This aim of this survey is to track implementation of the overall Trade Policy Strategic Action Plan during the period 2009–2013. Specific questions from the survey were selected to reflect progress in the trade policy sector and report to the overall CAREC results framework. The scoring system, designed by the International Monetary Fund, for the TLI is presented in Table A4.1.

Table A4.1 Scoring System for the CAREC Trade Liberalization Index

Indicator	Baseline Year	2010 Target	2011 Target	2012 Target
What is the number of non-zero tariff bands?	–1 point/ each existing tariff band	–5	–4	–3
What is the average tariff?	–1 point/each p.p. over 10 +1 point/each p.p. under 10	–2	0	1
Have quantitative restrictions on exports been eliminated?	+4 points if yes	0	0	4
Have quantitative restrictions on imports been eliminated?	+4 points if yes	0	0	4
Are VAT and excise tax rates equalized for imported and local goods?	+4 points if yes	0	4	4
Have actual convoy costs calculations been completed?	+2 points if yes	2	2	2
Have convoy charges been removed, or reduced to actual costs?	+3 points if yes	0	3	3
Have actual “paperwork” costs calculations for road transport permits been completed?	+2 points if yes	2	2	2
Have road transport fees been reduced to actual costs?	+3 points if yes	0	3	3
Total Target Score (sum of scores 1–9)		–3	10	20

p.p. = percentage point, VAT = value-added tax.

Source: International Monetary Fund.

APPENDIX 5

CAREC Program Investment and Technical Assistance Projects, 2009

Table A5.1 CAREC Investment Projects (Loans and Grants) Approved in 2009

Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description of Project
TRANSPORT							
Xinjiang Urban Transport and Environmental Improvement Project	PRC	2009	2014	ADB G-PRC	100.0 87.2	187.2	The Asian Development Bank (ADB)-financed project includes building or upgrading of over 100 kilometers (km) of roads, installing traffic signals and other road safety systems, and constructing public toilets and other sanitation facilities in five cities of Xinjiang Uygur Autonomous Region. The cities of Altay, Changji, Hami, Kuytun, and Turpan provide counterpart funds.
Highway 2 Project—Second Additional Financing	AZE	2009	2014	World Bank G-AZE	175.0 82.9	257.9	The second additional financing for Azerbaijan's Highway 2 Project rehabilitates 116 km of the M6 highway between Hajigabul and Bahramtapa, as well as 200 km of local roads that connect villages to the M6. This development adds to the original project that upgrades selected sections of the existing east-west (M4) and north-south (M3) corridors, and to the first additional financing that completes construction of the M3 highway, rehabilitating the Tagiyev-Sahil section of the Baku bypass. This connects the M3 to the M1 Highway.

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Table A5.1 continued

Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description of Project
Dushanbe–Kyrgyz Border Road Rehabilitation Project, Phase II (Supplementary)	TAJ	2009	2012	ADB G-TAJ	20.0 5.0	25.0	The supplementary grant finances the rehabilitated road section from Obigarm to Nurobod (km 95–km 140), the repaired emergency bypass road at km 110–km 112, the improved central section from Nurobod to Nimich (km 140–km 217), and the upgraded border section at Karamik. The new financing will improve 127 km of the project corridor and 7 km of the bypass road.
CAREC Transport Corridor I (Bishkek–Torugart Road) Project2 (Loan)	KGZ	2009	2014	ADB G-KGZ	28.0 12.5	40.5	The project rehabilitates about 75 km of the Bishkek–Torugart road and constructs an inspection facility to manage international passenger and freight traffic. The sections to be rehabilitated are adjacent to the section rehabilitated under the Project 1 road. The project improves skills and knowledge of the Ministry of Transport and Communications staff, and continues the Project 1 human resource development component of the transport sector master plan.
CAREC Transport Corridor I (Bishkek–Torugart Road) Project 2 (Grant)	KGZ	2009	2014	ADB	22.0	22.0	The project rehabilitates about 75 km of the Bishkek–Torugart road and constructs an inspection facility to manage international passenger and freight traffic. The sections to be rehabilitated are adjacent to the section rehabilitated under the Project 1 road. The project also improves skills and knowledge of the Ministry of Transport and Communications staff, also a continuation of Project 1.
Hairatan to Mazar-e-Sharif Railway Development Program	AFG	2009	2011	ADB G-AFG	165.0 5.0	170.0	The project aims to increase trade between Afghanistan and Uzbekistan, reduce transport costs, increase vehicle operation savings, and create job opportunities in the project area. It will improve Hairatan's marshaling yard and railway station, construct a new single-track railway line of about 75 km from Hairatan to Mazar-e-Sharif, construct a new trans-shipment terminal facility at Mazar-e-Sharif, install signaling and telecommunication systems, install safety features for efficient operation, develop institutional capacity of the railway sector, and provide construction supervision and project management consultancy.

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Table A5.1 *continued*

Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description of Project
CAREC Transport Corridor I Investment Program (Zhambyl Oblast Section)	KAZ	2009	2015	ADB G-KAZ	187.0 228.0	415.0	The second tranche of a multifinancing facility loan finances the improvement of 79 km of road of the Zhambyl Oblast section of Corridor 1. The project is part of a 470 km road improvement program in Kazakhstan supported by ADB, Japan International Cooperation Agency, and Islamic Development Bank.
South–West Roads: Western Europe–Western China International Transit Corridor (CAREC 1b and 6b)	KAZ	2009	2013	World Bank G-KAZ	2,125.0 375.0	2,500.0	The project is part of Kazakhstan's plan to upgrade and improve the road corridor linking Western Europe to Western China through Kazakhstan. Approximately 1,062 km of road sections between Aktobe/Kyzylorda Oblast border and Shymkent (including a northern bypass to the city) are to be constructed. This project will improve transport efficiency as well as road management and traffic safety.
National Road Rehabilitation (Osh–Batkén–Isfana)	KGZ	2009	2013	World Bank	25.0	25.0	This project aims to reduce transport costs and travel time along the Osh–Batkén–Isfana road corridor, and improve road safety planning. Its three components are (i) rehabilitation of a section of the Osh–Batkén–Isfana road corridor, (ii) road safety planning improvement, and (iii) project management and implementation.
Osh–Isfana Road Upgrading Project	KGZ	2009		EBRD	35.0	35.0	The road project involves the rehabilitation and upgrading of part of the Osh–Batkén–Isfana road in the south–west Kyrgyz Republic. Within this corridor, the focus is to improve the Burgandy–Batkén section, between km 155–220 of the Osh–Batkén Road. Osh and Batkén are provincial capitals.
TRADE FACILITATION							
Additional Financing for Customs Modernization and Trade Facilitation Project	AFG	2009	2010	World Bank	6.8	6.8	The additional financing for the project aims to (i) provide emergency assistance to Afghanistan to establish a more efficient customs and transit regime; (ii) help increase the collecting capacity of the Afghanistan Customs Department and other agencies; (iii) help decrease trade transaction costs through improvements in key customs and related transit infrastructure and communications, and administration; and (iv) assist in laying the basis for a functioning customs service, taking appropriate measures to facilitate international trade.

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Table A5.1 *continued*

Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description of Project
ENERGY							
Energy Sector Development Investment Program—Project 2	AFG	2009	2014	ADB	81.5	86.5	This project, the second tranche of the investment program, involves infrastructure rehabilitation, expansion of the Kabul distribution system, and capacity building of Da Afghanistan Breshna Sherkat (Afghanistan Electricity Corporation). Urgent rehabilitation of the Kabul distribution system is needed to provide electricity coming from the North–East Power System to more than 60,000 households, while at the same time strengthen the Electricity Corporation's capacity.
Energy Emergency Assistance Project—Additional Financing	KGZ	2009	2010	World Bank	11.0	11.0	The additional financing will increase the volume and reliability of the Kyrgyz Republic's energy supply, especially thermal power in the winter season, thereby supporting implementation of the Energy Emergency Mitigation Action Plan. It will help finance costs associated with (i) providing equipment, materials, and spare parts to increase thermal power generation and heat output at the Bishkek combined heat and power plant for the 2009–2010 winter; and (ii) corresponding scale-up of the support for project management.
Kazakhstan Moinak Electricity Transmission Project	KAZ	2009	2012	World Bank	48.0	69.0	The project aims to increase and improve the supply of electricity to business enterprises and households in southern Kazakhstan in an economically and environmentally sustainable manner. The project's three components are (i) construction of 220-kilovolt, single-circuit overhead transmission lines from Moinak Hydroelectric Power Plant to Shelek Substation; (ii) modernization of the substation; and (iii) provision of consulting and technical services.

km = kilometer, ADB = Asian Development Bank, AFG = Afghanistan, AZE = Azerbaijan, CAREC = Central Asia Regional Economic Cooperation, EBRD = European Bank for Reconstruction and Development, G- = Government of, KAZ = Kazakhstan, KGZ = Kyrgyz Republic, PRC = People's Republic of China, TAJ = Tajikistan.

Table A5.2 CAREC Investment Projects (Loans and Grants), Closed in 2009

Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description of Project
TRANSPORT							
Highway Project	AZE	2001	2009	World Bank	40.0	48.0	The project's main component, East–West road corridor is the lifeline of AZE non-oil trade. Upgrading key portions of the East–West corridor, the project helped to promote trade and economic growth. Travel time was reduced by 33%, thus lowering transport costs and supporting trade and growth. The project also increased the role of the private sector in road construction, provided a study of Road User Charges, and raised government awareness of the need for a new functional classification for all public roads. Pavement Management System (although not yet fully used as a management tool), prepared a 5-year rolling road management plan. Improvements to five local roads served more than 14,000 inhabitants.
				EU-TACIS	1.5		
				G-AZE	6.5		
Third Road Rehabilitation Project	KGZ	2001	2009	ADB	40.0	50.0	The Project met its stated objectives of (i) rehabilitating the remaining 120 km of the Bishkek–Osh highway; (ii) improving 125 km of secondary (feeder) roads; (iii) developing a system for secondary road maintenance. After reevaluation of the appropriateness of light, hand-operated road maintenance equipment, the scope of equipment procurement was changed to focus on heavier equipment such as graders, front loaders, crushers, and chip sealers.
				G-KGZ	10.0		
Road Rehabilitation Project	TAJ	2000	2009	ADB OPEC Fund G-TAJ		26.8	The project road is one of the main international corridors connecting Dushanbe with the big cities of Khatlon region, further to Gomo–Badakshan and providing the outlet through Mungab–Kulma to the PRC and Karakorum highway. The Project components included (i) rehabilitation of 80 km of the most deteriorated sections of the Dushanbe–Khulyab road; (ii) improvement of approximately 150 km of rural roads, including grading dirt road surfaces, and building appropriate drainage facilities; (iii) procurement of appropriate equipment for road maintenance, laboratory and field material testing, technical surveys and design computerization; (iv) consulting services for construction supervision, contract management, and training needs assessment; and (v) training in contract management, pavement management systems, and other areas critical for maintaining the rehabilitated road sectors.

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Table A5.2 continued

Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description of Project
ENERGY							
Power Rehabilitation Project	TAJ	2002	2009	ADB	34.0	62.8	The project focus on repair and rehabilitation enables scarce loan funds to be used in a more cost-effective manner than by constructing new facilities. The completed project components include (i) rehabilitation and improvement of power supply in the poor rural regions of Khatlon that suffered serious damage and neglect during the war; (ii) rehabilitation of components of the large 3,000 MW Nurek hydropower plant; (iii) rehabilitation and upgrading of the high-voltage transmission substation serving Dushanbe; and (iv) improved metering at high-voltage substations to measure power imports and exports and distribution network metering. In particular, connections for 21,600 poor households, 141 km medium-voltage and 317 low-voltage distribution lines were rehabilitated, while 100 transformers were replaced.
				IsDB	9.3		
				Swiss Govt.	6.0		
				Barki Tajik	13.5		
Emergency Infrastructure Rehabilitation and Reconstruction Project	AFG	2003	2009	ADB	153.0	153.0	All 447 km (392 km Afghan Ring Road and 55 km of the link to Hairatan border) of the road component were constructed, reducing transport cost for about 9 million inhabitants of the 7 surrounding provinces and international traffic. Under the power component, rehabilitation of 241 km of 220 kilovolt transmission lines was completed. The component improved power supply in Kabul, but failed to reduce power distribution losses. The gas component was cancelled. The irrigation component rehabilitated infrastructure and established water allocation among the farmers.

km = kilometer, MW = megawatt, ADB = Asian Development Bank, AFG = Afghanistan, AZE = Azerbaijan, EU-TACIS = European Union Technical Assistance to Commonwealth of Independent States, G- = Government of, IsDB = Islamic Development Bank, KGZ = Kyrgyz Republic, OPEC = Organization of Petroleum Exporting Countries, PRC = People's Republic of China, TAJ = Tajikistan.

Table A5.3 CAREC Technical Assistance Projects, Approved in 2009

Technical Assistance Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$)	Total Funding (\$)	Brief Description of Technical Assistance Project
TRANSPORT							
Regional Transport Development Project	MON	2009	2011	ADB G-MON	1,200,000 330,000	1,500,000	The technical assistance aims to support the development of Mongolia's aviation and logistics subsectors. Outcomes include a project design for the second phase of the Western Regional Road Project, a logistics facility in Ulaanbaatar, and a development plan for civil aviation.
Aktau-Beineu Road Project	KAZ	2009	2011	ADB	600,000	600,000	The technical assistance project is linked to the government's transport sector strategy to improve and expand the road network over the medium term. The project will (i) review the engineering design, technical standards, alignment, and procurement documentation, following ADB guidelines and policies; (ii) recommend sub-components to help distribute project benefits to the poor; and (iii) assist the executing agency with public consultations and socioeconomic surveys to ensure that local residents' needs are incorporated in the project design.
CAREC Corridor 2 Road Investment Program—Technical Assistance	UZB	2009	2010	ADB	900,000	900,000	The technical assistance will design the Investment Program, which involves (i) reconstruction of 222-kilometer (km) Uzbekistan section of Central Asia Regional Economic Cooperation (CAREC) Corridor 2 Road that is part of the A380 highway, (ii) strengthening of transport logistics, and (iii) improvement of road sustainability. It will also prepare a feasibility study for the tranche 1 project. The main impact of the technical assistance will be an integrated, efficient, and safe road network in Uzbekistan and improved regional connectivity.
Road Database Development Using Geographic Information System	MON	2009	2010	ADB G-MON	500,000 100,000	600,000	The technical assistance will produce (i) a geographic information system (GIS)-based road database providing real-time information about road conditions to the government and road users, (ii) a data center and web server, and (iii) a policy note and technical papers for strengthening the institutional capacity of the Department of Roads for road asset management.

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Table A5.3 continued

Technical Assistance Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$)	Total Funding (\$)	Brief Description of Technical Assistance Project
Railway Development Study	AFG	2009	2010	ADB G-AFG	1,200,000 60,000	1,260,000	The technical assistance will produce a study on railway development in the northern part of Afghanistan, with advice and recommendations for the Government's consideration. The study has technical, social, environmental, financial, and economic assessments for two major routes: (i) from Hairatan at the border with Uzbekistan to Herat in the west via Mazar-e-Sharif, and (ii) from Shirkhan Bendar at the border with Tajikistan via Kunduz to Naibabad joining Mazar-e-Sharif to Herat.
Xinjiang Altay Urban Infrastructure and Environment Improvement Project	PRC	2009	2010	ADB G-PRC	800,000 200,000	1,000,000	The project is designed to remove infrastructure constraints, address environmental concerns, promote sustainable economic growth, and support policy and institutional reforms in Altay Prefecture, and is consistent with the PRC's development priorities for the poor western region. It will also have a demonstration effect for other similar counties, towns, and areas with tourism potential on how to plan and manage sustainable infrastructure development while protecting the environment to support growth. The impact of the project is improved infrastructure facilities to promote inclusive growth, improved access for urban residents to municipal services, and upgraded urban environment in the counties and towns in Altay Prefecture. The outcome of the project is a project design that is developed in compliance with the policy requirements of both ADB and the government suitable for ADB lending support.
Inner Mongolia Road Development	MON	2009	2011	ADB G-MON	600,000 150,000	750,000	The technical assistance shall produce a mutually agreeable project design and scope, schedule, and implementation plan that is justified by the project's expected merits, ensures that the project's benefits are commensurate with its costs, and that the project supports the PRC's and the ADB's development strategies. It will (i) validate the feasibility studies; (ii) conduct the economic and financial analyses; (iii) in cooperation with the executing agency (EA), determine areas where the technical assistance will support the Inner Mongolia road sector and enhance the benefits delivered by the proposed project road; and (iv) ensure that the EA adheres to ADB's 2009 Safeguard Policy Statement covering environmental, resettlement, and ethnic minority issues during project planning and preparation.

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Table A5.3 *continued*

Technical Assistance Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$)	Total Funding (\$)	Brief Description of Technical Assistance Project
TRADE FACILITATION							
Enhancing Border Trade Services and Rules for Small and Medium-Sized Enterprises	PRC MON	2009	2013	ADB	1,500,000	1,500,000	This technical assistance project aims to facilitate trade, including border trade, and support regional economic cooperation in the CAREC and the Greater Mekong Subregion programs. This project focuses on improving trade efficiency at the borders of the People's Republic of China, Mongolia, and Viet Nam, and targets a 15% increase in the value of border trade of small and medium-sized enterprises by 2014.
ENERGY							
Regional Power Rehabilitation	TAJ	2009	2010	ADB G-TAJ	500,000 110,000	610,000	The technical assistance will prepare project design and the feasibility study for an investment project to improve the reliability and the operation of the Central Asian power system, which will enhance inter-country power trading. The project will (i) rehabilitate existing and construct new transmission assets to strengthen Tajikistan's interconnection with Afghanistan, the Kyrgyz Republic, and Uzbekistan; (ii) install a Supervisory Control and Data Acquisition System; and (iii) improve the quality of electricity supply on regional and national levels.
Power Distribution Development Investment Program	AZE	2009	2010	ADB G-AZE	1,000,000 200,000	1,200,000	The technical assistance will design the ensuing Investment Program (MPF) that intends to enhance and upgrade the distribution networks' cover of about 40 administration districts under Azerenergy's managed power system, improve reliability of power supply, reduce distribution losses, enhance energy efficiency, and improve Azerenergy's financial performance.
CASAREM–Tallimarian Power Generation and Transmission	UZB	2009	2011	ADB	1,500,000	1,500,000	The power project will increase regional trade in electricity, improve the electricity supply in Uzbekistan, and reduce greenhouse gas emissions. The outputs of the project preparatory technical assistance include (i) a sector road map and policy framework; (ii) a financing plan; (iii) technical design and due diligence assessment; (iv) project financial and economic analysis, and financial management assessment of Uzbekenergo; (v) social safeguards framework and social and poverty assessment; (vi) initial environmental assessment; and (vii) bid specifications for project implementation.

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Table A5.3 *continued*

Technical Assistance Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$)	Total Funding (\$)	Brief Description of Technical Assistance Project
Kabul Distribution Network Rehabilitation	AFG	2009	2010	ADB G-AFG	225,000 5,000	230,000	The technical assistance is part of a multitranche financing facility (MFF) for Afghanistan's Energy Sector Development Investment Program. The assistance aimed to produce a project feasibility study with detailed scope, technical specifications, and economic and financial analysis for the rehabilitation of Kabul's distribution network.
Regional Economic Integration in Central Asia: Stocktaking and Experience Sharing	REG	2009	2011	ADB	900,000	900,000	The technical assistance produces (i) a stocktaking and assessment report on existing regional cooperation and integration (RCI) institutions in Central Asia; (ii) research papers on RCI institutions in the region; (iii) workshops and seminars to discuss research papers and disseminate their findings; and (iv) training programs for government officials and regional institutions on selected RCI topics.
CAREC: Working with the Private Sector in Trade Facilitation	REG	2009	2012	ADB PRC Fund Govts	1,500,000 500,000 500,000	2,500,000	The technical assistance aims to improve the efficiency of trade flows in the CAREC region, as measured by a 50% reduction in border-crossing time along the CAREC corridors in 2012, as compared with 2007. The technical assistance outcome will strengthen national and regional collaboration, including enhanced partnerships between the public and private sectors, in developing and managing the key CAREC corridors and addressing broader issues of transport and trade facilitation.
Silk Road Ecosystem Restoration (Supplementary)	PRC	2009	2010	ADB	335,000	335,000	The expected impact of the technical assistance is restored productive and protective functions of the ecosystem along the old Silk Road in western PRC, while its expected outcome is a project design and feasibility study that is acceptable to the government and ADB.
Power Distribution Development Investment Program	AZE	2009	2010	ADB G-AZE	1,000,000 200,000	1,200,000	This technical assistance is part of an MFF for the Power Sector Development Investment Program that aims to improve power sector operation in Azerbaijan. Among its outputs are a power sector assessment, a distribution sector road map with updated investment and capacity development program, an MFF investment program, and technical design and due diligence assessment for selected Tranche 1 components under MFF financing.

km = kilometer, ADB = Asian Development Bank, AFG = Afghanistan, AZE = Azerbaijan, CAREC = Central Asia Regional Economic Cooperation, EA = executing agency, EBRD = European Bank for Reconstruction and Development, G = Government of, GIS = geographic information system, KAZ = Kazakhstan, MFF = multitranche financing facility, MON = Mongolia, PRC = People's Republic of China, RCI = regional cooperation and integration, REG = regional, TAJ = Tajikistan, UZB = Uzbekistan.

Table A5.4 CAREC Technical Assistance Projects, Closed in 2009

Technical Assistance Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$)	Total Funding (\$)	Brief Description of Technical Assistance Project
TRANSPORT							
CAREC Transport Corridor I (Bishkek-Torugart Road)	KGZ	2008	2009	ADB G-KGZ	150,000 10,000	160,000	The technical assistance produced a feasibility study, including required due diligence reports on poverty, social, and environmental assessments.
Preparing the CAREC Transport Corridor I (Zhambyl Oblast Section) Project	KAZ	2008	2009	ADB G-KAZ	150,000 50,000	200,000	The technical assistance prepared a feasibility study, including required due diligence technical and other assessment reports. The expansion of the technical assistance scope produced additional deliverables, including the draft prequalification documents, invitation for bidding and bidding documents for civil works packages, and the draft request for proposal for consultants.
Preparing the CAREC Transport Corridor I (Zhambyl Oblast Section) Project (Supplementary)	KAZ	2008	2009	ADB	150,000	150,000	The technical assistance prepared a feasibility study, including required due diligence technical and other assessment reports. The expansion of the technical assistance scope produced additional deliverables, including the draft prequalification documents, invitation for bidding and bidding documents for civil works packages, and the draft request for proposal for consultants.
Xinjiang Urban Transport and Environmental Improvement Project	PRC	2007	2009	ADB G-PRC	700,000 200,000	900,000	Expected outputs have been completed, including: (i) analysis of Xinjiang's 11th 5-year development plan, project cities' master plans and current 5-year development plans, their financing requirements, and institutional capacities; (ii) technical, environmental, economic, financial, and social appraisal of the five project components; (iii) institutional capacity building plan; (iv) participatory plan assessment; and (v) training workshops.

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Table A5.4 continued

Technical Assistance Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$)	Total Funding (\$)	Brief Description of Technical Assistance Project
TRADE FACILITATION							
Capacity Building for Customs and Trade Facilitation	AFG	2006	2009	ADB G-AFG	1,200,000 150,000	1,350,000	The technical assistance outputs included (i) a background paper on the role of customs, challenges facing Afghan Customs, and possible solutions explaining main challenges Afghan Customs Department (ACD) faced and how the 5-year strategic plan coped with those challenges; (ii) a study of Afghanistan's external trade to identify measures for export expansion; (iii) papers regarding (a) the creation of a Tariff Research Unit to monitor trends in revenue collection and the adoption of appropriate tariff policy, (b) a plan for surveys of customs offices for human resource planning, (c) customs tariff policy advice on ad-hoc duty exemption to raw material imported for industries; (d) policy framework for granting of duty exemption to government imports; and (e) provision of incentives to customs officers for good performance; and (iv) technical specifications of cargo handling equipment needed in different customs clearance stations procured on ADB loan. Although these outputs were provided at the request of the implementing agency and with a satisfactory quality, and to a degree, contributed to ACD's capacity strengthening, they were outside the original technical assistance design, difficult to be integrated into an intended deliverable, and thus weakened the rationale of the technical assistance.
Building the Capacity of the Ministry of Commerce for Trade and Transit Facilitation	AFG	2005	2009	ADB	400,000	400,000	The technical assistance met its three main performance targets: (i) preparation of a new Agreement to regulate transit between and through both Afghanistan and Pakistan; (ii) promotion of principles behind a functional regional transit system facilitating cross-border trade, including delineation of responsibilities among different agencies at the border in line with international good practice; and (iii) definition of new border functions for the Ministry of Commerce.
ENERGY							
Improved Management of Shared Water Resources in Central Asia	KAZ, KGZ, TAJ, UZB	2003	2009	ADB Shared	700,000 150,000	850,000	The technical assistance's major achievements were (i) for the first time since 2002, representatives of all the Central Asian countries resumed discussions on regional water policy and formed regional and national working groups; (ii) a new draft Syrdarya Agreement was developed with participation of all riparian states; and (iii) two more draft agreements were prepared: The Amudarya Agreement and the Database and Information.

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Table A5.4 *continued*

Technical Assistance Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$)	Total Funding (\$)	Brief Description of Technical Assistance Project
CAREC PRIORITY AREAS							
Capacity Development for Regional Cooperation in CAREC Participating Countries (Phase I)	REG	2006	2009	ADB Shared	490,000 500,000	900,000	Exchange Agreement; (iv) the Chu Talas Joint River Commission, its Secretariat and working groups were established and supported under the technical assistance; (v) the methodology for sharing the operation and maintenance cost on the Chu and Talas rivers was developed; (vi) a computerized water forecasting and allocation model for the Chu and Talas rivers was developed and tested; and (vii) a modern water management information system, including water metering devices and application software, was installed at Kirov Reservoir on Talas River.
Subregional Economic Cooperation in South and Central Asia (SECSCA) II	REG	2006	2009	ADB	950,000	950,000	More than 500 senior and mid-level government officials participated in training and knowledge-sharing programs, exposing them to updated thinking on practical development issues being considered by the CAREC Program. These officials included CAREC national and sector focal points who play critical roles in advancing the CAREC Program, and in identifying and implementing concrete regional programs and initiatives. Outputs under the Small Research Grants Program were completed under the technical assistance. The studies generated new knowledge and recommendations to support more effective regional cooperation in Central Asia. The regional technical assistance contributed significantly toward the development of CAREC's Transport and Trade Facilitation Strategy (TTFS), the Implementation Action Plan for the TTFS, and the Trade Policy Strategic Action Plan—by providing venues for their deliberation and finalization.

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Table A5.4 continued

Technical Assistance Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$)	Total Funding (\$)	Brief Description of Technical Assistance Project
Capacity Building for Regional Cooperation under the CAREC Program	REG	2005	2009	ADB Shared	400,000 50,000	450,000	Learning programs and networking activities conducted under the regional technical assistance exposed government officials to the Greater Mekong Subregion experience with regional cooperation, enabled consideration and discussion of various approaches to regional cooperation, and enabled interaction with international experts on CAREC priority sectors. Some 300 senior government officials, private sector representatives, and other stakeholders participated in activities conducted under the technical assistance, expanding awareness of regional cooperation issues and improving the ability of CAREC national focal points and other senior officials to plan and implement CAREC work.
Capacity Building for Regional Cooperation in Central Asia	REG	2003	2009	ADB Shared	950,000 50,000	1,000,000	The main outputs of the regional technical assistance were a strong overall institutional framework supported by a functional office of the national focal point in CAREC countries and enhanced understanding of regional cooperation at the policy making and operational levels. These outputs were supported by technical assistance activities, including the development, adoption, and implementation of a capacity building plan; the provision of support to the office of the national focal points; high-level outreach activities; and the sharing of experience and knowledge among CAREC countries through a variety of seminars, workshops, and forums.

ACD = Afghan Customs Department, ADB = Asian Development Bank, AFG = Afghanistan, CAREC = Central Asia Regional Economic Cooperation, CARs = Central Asian republics, G- = Government of, GMS = Greater Mekong Subregion, KAZ = Kazakhstan, KGZ = Kyrgyz Republic, MoC = Ministry of Commerce, PRC = People's Republic of China, REG = regional, TA = technical assistance, TAJ = Tajikistan, UZB = Uzbekistan.

Table A5.5 CAREC Multitranchise Financing Facility Investments, Ongoing in 2009

MFF Investment Name and Type	Country	Year of Approval	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description of Project
TRANSPORT AND TRADE FACILITATION						
CAREC Corridor I (Zhambyl Oblast Section) (Loan)	KAZ	2008	ADB IsDB JICA G-KAZ	700.0 414.0 150.0 216.0	1,480.0	The investment program caters to the improvement and expansion of the Western Europe–Western PRC International Transit Corridor. This runs from Khorgos at the border with the PRC, through Almaty and Shymkent, to the western border with the Russian Federation. This corridor is underpinned by road investments made in the PRC, the Kyrgyz Republic, and Tajikistan. In this sense, the corridor is an integral part and flagship transaction under the Central Asia Regional Economic Cooperation (CAREC) program. Further, the corridor paves the way and justifies the development of the North–South Corridor which runs into Uzbekistan, Turkmenistan, Afghanistan, and Pakistan. Each of these corridors will be backed by work at the national level on rural access roads. The investment program earmarked for the three institutions and the government is divided into three projects financed under three separate tranches. The first tranche under ADB financing will have two major components: (i) road development, and (ii) road operations and maintenance.
Road Network Development Investment Program (Grant)	AFG	2008	ADB World Bank USAID G-AFG	400.0 150.0 400.0 300.0	1,250.0	This multitranchise financing facility (MFF) finances a slice of a broad investment program over the medium term, focusing on national roads. The physical part of the overall investment program involves constructing about 2,900 kilometers (km) of national roads and maintaining about 1,500 km of existing ones. This is to be done by 2013. The nonphysical part of the investment program includes the reorganization of MPW, the creation of a new agency to deal with national roads, the establishment of a maintenance facility, introduction of improved traffic safety procedures, and the execution of training programs to improve planning and project management.

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Table A5.5 continued

MFF Investment Name and Type	Country	Year of Approval	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description of Project
Road Network Development Program (Loan)	AZE	2007	ADB Others	500.0 2,861.0	3,361.0	The program aims to develop an adequate, efficient, safe, and sustainable road network, linking Azerbaijan domestically and internationally. Its outputs include an improved national road network and an effective and efficient management of the road network. The outputs will be achieved from two components: (i) road infrastructure development, and (ii) road network management capacity development.
ENERGY						
Energy Sector Development Program (Grant)	AFG	2008	ADB EBRD G-AZE IsDB World Bank	582.0 1,752.0	2,334.0	The physical and nonphysical outputs will lead to a more reliable power system. Physical outputs include (i) rehabilitation, augmentation, and expansion of the North East Power System (NEPS); (ii) development of distribution systems for load centers supplied from NEPS; (iii) increased domestic generation capacity through new off-grid greenfield small and mini hydropower plants; and (iv) rehabilitation of gas fields. Off-grid rural electrification is based on renewable hydropower. Nonphysical outputs include (i) training for better system operation and maintenance; (ii) better planning, project management, and systems, including the introduction of a management information system; (iii) metering, billing, and collection of tariffs; and (iv) thematic coverage, including gender mainstreaming and private sector development. The investment program will set up mechanisms of teams for monitoring and evaluation, reporting, and measuring results.

km = kilometer, ADB = Asian Development Bank, AFG = Afghanistan, AZE = Azerbaijan, CAREC = Central Asia Regional Economic Cooperation, EBRD = European Bank for Reconstruction and Development, G- = Government of, IsDB = Islamic Development Bank, JICA = Japan International Cooperation Agency, KAZ = Kazakhstan, MFF = multitranchise financing facility, NEPS = North East Power System, PRC = People's Republic of China, USAID = United States Agency for International Development.

Introduction to the CAREC Development Effectiveness Review: Building the Baseline 2009

This document provides the first consolidated snapshot of overall annual progress made by country and multilateral institution partners of the CAREC Program, toward their goal of economic development through regional cooperation. The review introduces CAREC's first completed results framework, based on data from specific performance indicators that track progress across all sectors. It illustrates the type of information and analysis that is derived from the indicators and provides baseline values against which future achievement will be measured. The review also proposes specific actions to strengthen CAREC's practical results-oriented approach.

About the Central Asia Regional Economic Cooperation Program

The Central Asia Regional Economic Cooperation (CAREC) Program promotes and facilitates regional cooperation in transport, trade, energy, and other key sectors of mutual interest. CAREC is a partnership of eight countries and six multilateral institutions. The countries are Afghanistan, Azerbaijan, the People's Republic of China, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan. The institutions are the Asian Development Bank (ADB), the European Bank for Reconstruction and Development, the International Monetary Fund, the Islamic Development Bank, the United Nations Development Programme, and the World Bank. ADB serves as the CAREC Secretariat.